



Fiscal Year 2014/15 Adopted Operating Budget





City Council

Bill Harrison, Mayor
Vinnie Bacon, Vice Mayor
Anu Natarajan, Councilmember
Suzanne Lee Chan, Councilmember
Raj Salwan, Councilmember

City Executive Staff

Fred Diaz, City Manager
Harvey Levine, City Attorney
Mark Danaj, Assistant City Manager
Nadine Nader, Deputy City Manager/City Clerk
Jessica von Borck, Deputy City Manager
Debra Margolis, Assistant City Attorney
Marilyn Crane, Information Technology Services Director
Annabell Holland, Community Services Director
Norm Hughes, City Engineer
Bryan Jones, Public Works Director
Kelly Kline, Economic Development Director
Geoff LaTendresse, Fire Chief
Richard Lucero, Police Chief
David Persselin, Finance Director
Jeff Schwob, Community Development Director
Suzanne Shenfil, Human Services Director
Brian Stott, Human Resources Director



Budget Team

Mike Sung, Deputy Director of Finance
Chun Chan, Management Analyst II
Cheryl Golden, Communications Manager
Elisa Chang, Executive Assistant/Graphic Artist



The Government Finance Officers Association (GFOA) of the United States and Canada presented an award for Distinguished Budget Presentation to the City of Fremont for its annual budget for the fiscal year beginning July 1, 2013.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The award is valid for a period of one year only. This is the seventeenth consecutive year the City has earned the award. We believe our current budget continues to conform to program requirements.



Acknowledgments

Putting together a budget requires a great deal of effort from many people. The City Manager and Budget Team would like to thank the Accounting Services staff, Department Budget Coordinators, and others for their invaluable assistance:

Accounting Services & Revenue Staff

Julie Battershell
Anita Chang
Catherine Chevalier
Tricia Fan
Tish Saini
Ellen Zhou

Department Budget Coordinators

Kim Beranek	Florence Garcia
Jennifer Brame	Nadine Nader
Christina Briggs	Sean O'Shea
Arquimides Caldera	Cheryl Renaud
Corina Campbell	Deirdre Rockefeller-Ramsey
Allen DeMers	Michelle Silva-Salinas

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Guide to the Document

The budget is both a spending plan for the City’s available financial resources and the legal authority for City departments to spend the resources for public purposes. Through these resources, services are provided to meet the needs of Fremont residents. The City Council and City staff respond to the community’s needs in part through the budget. It balances not only revenues and costs, but also community priorities and interests.

Document Organization

Budget Overview

The City Manager’s Budget Overview sets the context for budget decisions by describing community and economic conditions affecting the budget. It outlines major initiatives underway and opportunities and challenges for the coming year.

Summary Information

This section of the document presents an overall picture of the City and the budget. It includes an organization chart, a description of the community, summary financial tables, a summary of citywide staffing changes associated with the budget, and documentation of the City’s compliance with State statutes and City policies regarding total expenditures and debt. The section also presents the City’s budget principles, a summary of departmental performance measures, and a summary of departmental objectives in a table that shows the alignment of objectives with citywide goals.

General Fund

Local government budgets are organized by funds in order to segregate and account for restricted resources. Each fund is a separate accounting entity. The General Fund provides the majority of resources for most of the services cities typically deliver, including the public safety, maintenance, and general government functions required to support direct services to the community. This section provides an analytical overview of the General Fund for the budget year. This section also places the budget in context with the financial forecast and provides a five-year historical review of General Fund sources and uses.

Other Funds

The Other Funds section contains information regarding non-General Fund sources of revenue. These funds are grouped into Cost Centers and Internal Service, Special Revenue, and Capital categories. Internal Service funds are cost allocation mechanisms and, along with Cost Center funds, are proprietary in nature. Special Revenue funds and Capital funds are grouped with the General Fund and Debt Service funds and are described as “governmental funds.” The distinction between how the budgeted resources are accounted for in proprietary funds as compared to governmental funds is discussed in the “Basis of Budgetary Accounting” located in the Policies and Practices section of the document. A description and financial summary is provided for each category of Other Funds within the budget.

Guide to the Document

Capital Budget Summary

The Capital Improvement Program (CIP) is adopted biannually and includes appropriations for projects for Fiscal Years 2013/14 through 2014/15. Selected excerpts from the CIP are included with the operating budget to present a comprehensive picture of all the funds of the City and to reflect fund transfers approved between other operating funds and capital funds. This section contains a description of the CIP funds, a summary of approved expenditures by program category, and highlights of key projects for the current fiscal year.

Department Budgets

The majority of the budget document presents information on departmental budgets. Each departmental section provides the following information:

- **Department Mission Statement**
- **Department Major Services** - The purpose of this information is to give the reader an understanding of the scope of each department's major service areas.
- **Department Overview** - A summary of each department's ongoing day-to-day core services and responsibilities.
- **Accomplishment Highlights** - A list that highlights a few of the department's most noteworthy accomplishments.
- **Objectives** - A list of significant departmental objectives or one-time projects aligned with the City Council's goals that help to achieve departmental goals outside the day-to-day services provided by the department.
- **Performance Measurement** - Information on performance measures and targets.
- **Sources of Funding** - This information is in graphic form and illustrates the funds from which departments receive financial resources. Interfund transfers (to the General Fund) cover administrative department costs for services that are provided by the General Fund. This contribution is shown on the charts as "overhead charges to other funds."
- **Expenditure Summary** - This table shows the salary and benefits, operating, and capital costs associated with the department for the fiscal year. It also provides historical information and trends of previous funding levels.
- **Major Budget Changes** - A description of the major budget changes is included that compares the previous year's budget with that for the current year. The major changes narrative includes any changes in salaries, benefits, and staffing. In addition, it describes operating, capital, and indirect expense allocation changes, but only if they vary by 5% up or down from the previous year.
- **Staffing** - A historical staffing graph shows the level of staffing for each department. In addition, an organization chart displays individual positions and titles.

Departments comprised of multiple, discrete service areas also present a table summarizing their activities by those major service areas.

Staffing

This section contains a summary of authorized positions by department and provides perspective on workforce trends.

Policies & Glossary

This section details the City's budget and financial policies, and includes a glossary of budget terminology.

Resolutions

This section contains resolutions approving and adopting the City budget, the appropriation limit for the fiscal year, and other resolutions approved as part of the budget adoption process.

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Budget Overview

Honorable Mayor and Members of the City Council:

As a result of prudent policy decisions, support from City employees and the community, and the recovering economy, the City of Fremont is better positioned than it has been in recent years to both provide a high level of current services and invest strategically for the future. With cautious optimism, I present the Fiscal Year 2014/15 Budget.

Total General Fund budgeted resources in the coming fiscal year will be adequate to support total budgeted expenditures of \$157.6 million, resulting in a balanced budget. The FY 2014/15 budget also maintains the City Council's long-standing funding priorities by allocating over three-quarters of the budget to direct costs for public safety and maintenance. The share of General Fund resources budgeted for these purposes is actually 86% when overhead costs required to support these functions are allocated. The FY 2014/15 budget is 3.0% greater than last year's estimated actual use of resources.

Over the next few years, the City will continue to see modest increases in its General Fund net resources. While we still have significant challenges ahead, this proposed budget provides a sensible combination of funding for maintaining and, in some cases, improving on the current level of services, while investing strategically for the City's future. I look forward to working with the Council, the organization, and the community on Fremont's future.

In this message, I will highlight the following:

- FY 2014/15 Fiscal Outlook
- The Current Economic Update
- Key Budget Assumptions
- Discussion of Unmet Needs
- Major City Initiatives

FY 2014/15 Fiscal Outlook

As the City looks ahead to FY 2014/15, staff continues to be encouraged by indicators that a modest recovery is underway. However, relatively strong growth in our regional economy is tempered by persistent uncertainty at the national and international level. Typically, local government revenues lag both economic downturn and economic recovery over the course of the business cycle. This gap between the change in economic conditions and local agency revenue collections can last from 18 months to several years.

The local economy is showing significant improvement, and that is translating into higher general revenues. At the same time, we are making up for position reductions and streets and facilities maintenance that was deferred during the economic downturn. This means that, although we are able to maintain and, in some cases, improve on the current level of services while making strategic investments for the City's future, we still have unfunded needs.

Budget Overview

Property tax and sales tax are the City's most significant revenue sources. Property tax revenues are estimated to total \$70.2 million in FY 2013/14, and staff projects those revenues will increase to \$74.2 million in FY 2014/15, an increase of 5.7%. The City's FY 2014/15 property tax revenues are based on assessed property values as of January 1, 2014. Under Proposition 13, assessed values of all real property adjust with the California Consumer Price Index (CCPI), with a 2% limit, unless there is a change in ownership or new construction. The CCPI adjustment for the FY 2014/15 tax roll is an increase of 0.454%. Other than the -0.237% adjustment for the FY 2010/11 tax roll, this is the lowest CCPI adjustment since the passage of Proposition 13 in 1978. Two mitigating factors are serving to offset the low CCPI adjustment: first, the local real estate market performed remarkably well in 2013, with strong sales activity and prices climbing to levels not seen in recent years; second, the County Assessor is continuing the process of restoring some of the temporary assessed value reductions related to declines in market value that occurred between 2008 and 2012, based on a strengthening of the overall housing market.

Sales tax revenues are estimated to total \$38.1 million in FY 2013/14 growing to \$39.4 million in FY 2014/15, an increase of 3.5%. It should be noted that this rate of increase is less than staff's projected 5% growth in actual taxable sales activity. A sizeable portion of FY 2013/14 revenue is a true-up payment from the State to make up for under-payment of the "triple flip" advance in the prior year, so the FY 2013/14 total overstates actual activity for the current year. The largest contributors to sales tax growth are coming from the auto sales and business sectors, with building and construction also performing well.

There has been no use of the Budget Uncertainty Reserve since FY 2010/11, and none is anticipated for the foreseeable future. This reserve has a balance of \$3.7 million which, when added to the City's "core" reserves of \$23.6 million, results in a total reserve level of 17.3% this fiscal year. The Government Finance Officers Association of the United States and Canada has a recommended practice that local governments maintain reserves of at least 16.7% (two months of revenues or expenditures). The City's reserve level is consistent with this recommended practice. In addition, the FY 2014/15 budget anticipates ending the fiscal year with \$0.6 million in fund balance. In the event of another downturn, our reserves should allow us time to adjust service levels to match our resources without major service disruptions.

Economic Update

The key national economic indicators are mixed. After increasing through 2013 to an annual rate of 4.1% in the third quarter of 2013, growth in Gross Domestic Product (GDP) slowed to 2.6% in the last quarter of 2013 and an advance estimate of 0.1% for the first quarter of 2014. Conversely, the seasonally-adjusted unemployment rate for April 2014 declined to 6.3%, the lowest level since before the recession. Although the ambivalence in the economic data appears to be causing some concern among consumers, the general attitude appears to remain optimistic. According to Lynn Franco, Director of The Conference Board Consumer Research Center, “Consumer confidence declined slightly in April, as consumers assessed current business and labor market conditions less favorably than in March... However, their expectations regarding the short-term outlook for the economy and labor market held steady. Thus, while sentiment regarding current conditions may have slipped a bit, consumers do not foresee the economy, or the labor market, losing the momentum that has been building up over the past several months.”

According to the Federal Reserve Open Market Committee on April 30, 2014, notes that “The Committee expects that... economic activity will expand at a moderate pace and labor market conditions will continue to improve gradually... Inflation has been running below the Committee’s longer-run objective, but longer-term inflation expectations have remained stable.” And, according to Beacon Economics, GDP is expected to grow in the 3% range during the forecast period, with continued lowering of the unemployment rate. The determinants of inflation – employment, manufacturing capacity utilization, and energy prices – are all projected to remain relatively low during the forecast period. Inflation is expected to remain within the 2% range targeted by the Federal Reserve.

Key Budget Assumptions

Based on the data we have at this time, information about the State’s current fiscal condition, and economic forecasts from a range of sources, we are making the following key assumptions for the FY 2014/15 budget:

1. The local economy will continue to improve during FY 2014/15, resulting in total General Fund resources (revenues and transfers in) increasing by 5.0% over estimated actual resources in FY 2013/14.
2. Total General Fund use of resources (expenditures and transfers out) is 3.0% more than the estimated actual amounts for FY 2013/14, but would grow by 5.0% if no vacancy savings were assumed.
3. The costs of the FY 2014/15 budget will be covered by projected resources, without requiring the use of reserves to balance the budget.
4. The State-mandated dissolution of the City’s Redevelopment Agency means that property tax increment that had been committed to the former Redevelopment Agency is now distributed to all taxing jurisdictions in the same manner as regular property taxes.

Budget Overview

5. Total expenditures in the FY 2014/15 budget include a savings assumption of \$3.1 million (approximately 2.0% of total budgeted expenditures and transfers out in FY 2014/15) to compensate for the historical tendency to under-spend total allocated resources including such components such as salary savings from vacant positions. In addition, there is also a savings assumption of \$820,000 to offset the additional appropriations required with respect to the City's variable rate debt, in accordance with debt covenants.
6. The FY 2014/15 budget provides funding to open Fire Station No. 11 in January 2015 and continue Sunday hours at the Fremont Main Library, \$1.1 million for affordable housing, as well as the \$1.0 million annual contribution to capital projects. It also includes enhanced funding for street maintenance and contributions for the Downtown and Warm Springs/South Fremont projects, three additional police officers, and prefunding the City's other post-employment benefit (OPEB) liabilities.
7. The General Fund's primary reserves will be maintained at 15% of total expenditures and transfers out and, when the Budget Uncertainty Reserve is included, the City's reserve level is 17.3%. This exceeds both the Council's 15% policy level and the 16.7% level recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Unmet Needs

Even as we struggle to maintain the current level of services to the community, we face another challenge in the increasing cost of maintaining Fremont's infrastructure. This is primarily due to three factors. First, as Fremont ages, so does its public infrastructure. The majority of Fremont's public infrastructure was constructed many years ago and now requires either an increased level or increased frequency of repairs, compounded by not having had adequate resources to spend on maintenance in the past. Second, as Fremont continues to grow, additional infrastructure is added that must be maintained, further stretching the City's limited maintenance resources. Finally, new requirements result in increased costs. Some of these requirements are voluntary, such as the City's continued move toward greater environmental sustainability. Although sustainability programs such as improved energy efficiency will eventually save money and reduce greenhouse gas emissions, in the near-term, there are increased transitional costs. Other maintenance requirements, which are regulatory in nature, have increased dramatically over the last few years, and have added significant costs to City operations.

Although the inability to adequately fund maintenance of the City's infrastructure is a major concern, there are pressing needs in other areas of the organization and the community as well. A partial listing includes:

UNMET NEED	ADDITIONAL FUNDING NEEDED
<i>Street Maintenance</i> – To maintain the current condition of our streets, we need to spend roughly \$15.5 million annually (the FY 2014/15 Adopted Budget includes funding for \$7.9 million). To increase the Pavement Condition Index (PCI) to an optimal level of 83, close to \$400 million over ten years would be needed.	\$7.6 million annually
<i>Deferred Maintenance of Existing Capital Assets (other than streets)</i> – This need has not been quantified. The General Fund is currently contributing \$1 million annually to the Capital Improvement Program (CIP), all of which is programmed for maintenance projects.	\$1.0 million (at least) annually
<i>Warm Springs/South Fremont</i> – In conjunction with the opening of this BART station in 2015, there is a need for infrastructure to support the envisioned transit-oriented mixed use development of this area. The total need has not yet been quantified, but is anticipated to be significant. The City is currently providing \$250,000 annually for this purpose.	\$250,000 (at least) annually
<i>Add Three Police Officers</i> – Public safety was not spared from budget reductions during the economic downturn. These positions were removed from the budget because it was unclear whether they would ever be able to be filled. To deal with issues associated with a growing population, positions lost to balance the budget should be restored. In September 2012, Council added four Police Officer positions to the staff complement, and an additional three positions are included in the FY 2014/15 Adopted Budget. Three remaining unfunded positions are projected to be added during FY 2015/16.	\$480,000 annually
<i>Other Post-Employment Benefits (OPEB)</i> – The City of Fremont, like many other cities, has made a commitment to its retirees to provide a medical benefit. However, unlike most cities, Fremont's benefit consists of a more modest capped reimbursement of medical premiums (as opposed to providing full medical coverage). The City's current pay-as-you-go expense is \$2.9 million a year. The unfunded liability associated with this benefit is \$79 million, as of June 30, 2012. Savings would be achieved in the long-term if this unfunded liability were paid down over 20 years. In FY 2013/14, \$1.1 million was set aside to begin addressing the unfunded liability, and the FY 2014/15 Adopted Budget includes \$2.2 million.	\$4.4 million annually

Budget Overview

This is only a partial list, but serves as a reminder that additional resources generated by the General Fund in the coming years are not really surpluses. Instead, they provide a means to begin to chip away at the long list of unmet needs and deferred maintenance that has developed over the years. Indeed, beginning in FY 2013/14, the City has been able to devote resources to address its unmet needs and, as a result, a number of the needs that appeared on last year's list have now been incorporated into the FY 2014/15 Adopted Budget as ongoing expenditures. These include:

UNMET NEED	ONGOING FUNDING
<i>Downtown Plan</i> – The General Fund is contributing \$1 million annually to provide “seed” money for this catalyst project.	\$1.0 million annually
<i>Open Fire Station No. 11</i> – This station is west of Interstate 880 in the Industrial area. As increased development has occurred in this area, the need for an operating fire station has become more critical. The FY 2014/15 Adopted Budget allocates funding to open Fire Station No. 11 in January 2015.	\$506,000 annually
<i>Additional Library Hours</i> – The City funded Sunday library hours at the Fremont Main Library until FY 2003/04, at which time that funding was eliminated as the City dealt with the budget challenges of the “dot-com” bust. The Fremont Main Library is the most heavily used branch in the Alameda County Library System, and the Library Commission has expressed a strong interest in having funding once again available for Sunday hours. Beginning in FY 2013/14, the City is providing annual funding to restore Sunday library hours.	\$240,000 annually
<i>Affordable Housing</i> – The elimination of redevelopment removed a major source of funding for affordable housing activities. Beginning in FY 2013/14, the General Fund is contributing an annual amount equivalent to 20% of the City's former redevelopment project area property tax revenue, which amounts to \$1.1 million in the FY 2014/15 Adopted Budget.	\$1.1 million annually

Major City Initiatives

Although the City's current fiscal situation is challenging, affecting the breadth and depth of services offered to the community, there are many important initiatives currently underway. These initiatives are important investments in the community's future and position the City well for long-term growth and stability.

Development: There are a number of significant development projects and initiatives underway. These are all important elements of our sales tax diversification strategy.

Warm Springs/South Fremont Area: The Warm Springs/South Fremont area is critically important to the City because of a unique convergence of forces. The Warm Springs/South Fremont BART station, located just northeast of the Tesla Factory, is scheduled to open in late 2015. The station will enhance intermodal access to local bike routes and bus lines that serve the entire Bay Area (VTA and AC Transit). By 2018, BART will extend an additional ten miles to San Jose, connecting Fremont to the rest of the South Bay for the first time.



The purchase of the former NUMMI plant by electric car manufacturer Tesla Motors has allowed its operations to stay in Northern California. Tesla is producing its Model S sedan in Fremont, with the first vehicles having rolled off the production line in June 2012. Tesla also plans to manufacture its Model X sport utility vehicle in Fremont, with the first delivery occurring in 2014.

The City produced a Jobs Recovery Strategy for the Warm Springs area, funded by a U.S. Economic Development Administration (EDA) grant, in 2011. This strategy included a series of technical studies and outlines a plan for revitalization of an 850-acre area anchored by Tesla Motors. The studies included market/economic analyses, land use alternatives, infrastructure and cost analyses, and a financial assessment. Three land use scenarios were studied and show employment growth in the Warm Springs area ranging from 9,700 to 12,300 jobs, and housing development ranging from 0 to 3,900 units. The findings revealed that all scenarios are financially feasible. The City Council accepted these studies in February 2012.



The Downtown “retail spine” will be along Capitol Avenue, connecting two major north/south thoroughfares along a well-designed, pedestrian-oriented, mixed-use corridor. This will provide a focal point and community gathering space – a more sustainable, pedestrian-friendly public realm activated with street-level commercial, retail, and civic uses, and public open spaces that stimulate economic activity and attract high-quality, high-intensity development to the district. Development projects will take advantage of the close proximity and connections to the Fremont BART station. The proposed building development patterns will change the district’s character from today’s low-density, vehicular-oriented suburban development fronting surface parking lots to a mid-density, transit-oriented development directly fronting, and integrating with, streets and sidewalks.

The ultimate plan calls for development to expand from 1.25 million square feet to 5.2 million square feet, much of which will be additional office (including new, consolidated City offices) and residential uses. Other uses will include retail, entertainment, open space, and cultural arts organized around a main street, Capitol Avenue, which must first be extended to Fremont Boulevard.

Some elements of the overall plan have been completed; for example, the Urban Housing Group celebrated its grand opening in July 2013 of a 300-unit high-end apartment project, and TMG Partners is actively partnering with the City to develop key parcels with mixed use projects. Another highlight is the receipt of One Bay Area Grant (OBAG) funds totaling \$5.8 million that will be used to design and construct the critical extension of Capitol Avenue between State Street and Fremont Boulevard and improve/enhance pedestrian and bicycle connections between the Fremont BART station and Downtown. Construction is scheduled to begin in July/August 2014. In addition, the City has begun to explore the development of the Civic Center, including identifying preliminary plaza and place-making components that can be underway shortly after the construction of the Capitol Avenue extension. The City is prioritizing the disposition of key land assets in order to finance the Capitol Avenue improvements as well as seeking other grant funding opportunities.

Economic Development: Economic development efforts are in full swing based on a mature program, a recovering economy, and strategic focus on Downtown and Warm Springs. Diversification of our sales tax base continues in several key areas outlined below.

Retail Centers: Pacific Commons, with the addition of The Block, is now one of the largest power centers in the country at over 1 million square feet. Much of the 120,000 square feet of new shop space has been leased, with multiple restaurant and store openings including The Men’s Wearhouse, Ulta, Krispy Kreme, The Habit, and Which Wich. Dick’s Sporting Goods and Buffalo Wild Wings are under construction and will be open before the end of the year. These buildings will complete the connection between the new Target and Century Theaters. The combination of all of these new spaces has created a night-time destination for Fremont. Leasing interest has spread to the existing space at Pacific Commons where a new TJ Maxx/Home Goods store opened recently. Based on the overall performance of the center, Catellus sold the project to Chicago-based Heitman, who will be investing in the long-term success of the project. They have hired Vestar to manage the property with the goal of increasing public space activation, center ambiance, wayfinding, and continued new tenant outreach.

Budget Overview



In the Downtown, Whole Foods opened a new 40,000 square foot store in September at Paseo Padre Parkway and Mowry Avenue. The “Whole Foods effect” has resulted in an overall uptick in leasing activity throughout the Downtown including openings for The Counter and the Smoking Pig, and more on the way, including Pieology, Boudin Bakery, and Citibank.

Finally, Carmax will open their first Bay Area store in Fremont, in late 2014, right off of Auto Mall Parkway. They join the new Cadillac/GM/Buick dealership in Fremont’s thriving Auto Mall. Tesla Motors has also begun to sell cars directly from the Fremont factory showroom, an additional boon to local auto sales.

Emerging Technology and Business Investment: Fremont is the second largest city in Silicon Valley, with a vibrant and diversified globally connected economy and dozens of innovative firms. Fremont continues to have one of the nation’s largest percentages of residents who are employed in the manufacturing sector. Fremont is home to a growing cluster of over thirty clean-tech companies, such as electric car builder Tesla Motors, Solaria, Redwood Systems, Oorja, Soraa, Imergy, and Intematix. Other major companies include Lam Research, Boston Scientific, Seagate Technologies, Western Digital, and Thermo Fisher Scientific.

Fremont has received further recognition as a great place to live and work:

- Second best-run city in America by 24/7 Wall Street, climbing from the fifth spot last year
- A “best place to live in 2014” by Livability.com
- One of the happiest cities in America by Career Bliss
- The nation’s #1 City for home sellers by the Movoto Real Estate Blog
- A top city for California job seekers by Nerd Wallet

A strong focus on retention has served Fremont well, resulting in significant expansion projects for long-time companies including:

- LAM Research (\$87 million / 137,000 square foot expansion of existing campus)
- Home Elegance (95,000 square foot expansion, new construction, and 300,000 square foot purchase)
- Thermo Fisher (250,000 square foot expansion, new construction)
- Seagate (purchase and retrofit of Solyndra building)

Retention efforts have been bolstered by an aggressive business appreciation program, with forty-six visits occurring last year covering eleven different industries. New companies have also come to the city including EFI, with a purchase and lease of long-vacant property in Ardenwood.

New developments in the industrial sector were also evident, and show how advanced manufacturing is helping to revive our local economy. Overton Moore is building three buildings totaling over 700,000 square feet at Dixon Landing Road – all on “spec”. The City is supporting the “reshoring” movement by providing resources to manufacturers through the creation of the Silicon Valley Manufacturing Roundtable, and specific efforts have been targeted for our largest growth clusters – Cleantech and Biotech. By partnering with the Cleantech Open and the East Bay Biomed Manufacturing Network, we are hosting events, making workforce connections, and building supply chain bridges to help these businesses thrive in our community.

Another new effort is the designation of the “FID”: Fremont Innovation District. This area includes the Warm Springs and Bayside districts that encompass most of Fremont’s industrial land and innovation companies. With the creation of this new branding, businesses can identify with being a part of this area that will foster innovation through industry events, education resources, incubation support, and co-location synergy.

Underlying all of these efforts is an aggressive marketing campaign aimed at making Fremont’s opportunities better known to the business community. The launch of “ThinkSiliconValley.com” was an important milestone in presenting the City’s business-friendly approach, and engaging in topics of interest through social media, a bi-weekly blog, and active feedback mechanisms.

Capital Projects: Despite the challenges in the City’s General Fund, the City continues to pursue a variety of major capital projects. These projects can proceed because, for the most part, they do not rely on the City’s General Fund. Rather, their funding comes from such sources as traffic impact fees, competitive grants, and State and regional sources. The most significant of these projects continues to be the coordination with BART and VTA on the Warm Springs and Silicon Valley BART extension projects in Fremont to ensure the City’s and community’s interests are taken into account during the design and construction of these important transportation projects.

Roadway maintenance continues to be a heightened focus, and each year the program is expanding to touch more roadways through innovative treatments. In addition, FY 2014/15 will see a number of pedestrian safety projects, which include modifications to traffic signals and intersections, constructing Fremont’s first modern roundabout, and evaluating and enhancing safety access to schools (crosswalks and crossing guard programs) through a collaborative process between the Public Works Department and the Police Department.


The Capitol Avenue construction effort to connect City Hall and Downtown to Fremont Boulevard, along with the design of the pedestrian access bridge on the west side of the new Warm Springs/South Fremont BART station, are two major projects that will serve to move and connect people as we become a more strategically urban community.

Budget Overview

Legislative Advocacy: The City has continued to become more proactive with its legislative advocacy efforts and has forged ahead with building partnerships at the federal, state, and regional levels to ensure the interests of Fremont and the region are preserved. This is evident in the Council's annual review and approval of the City's Legislative Guiding Principles and Priorities, as well as its annual Legislative Event, where the City hosts regional and local partners, and state and federal legislators. All of these efforts serve as a foundation for pursuing the City's major initiatives.

Conclusion

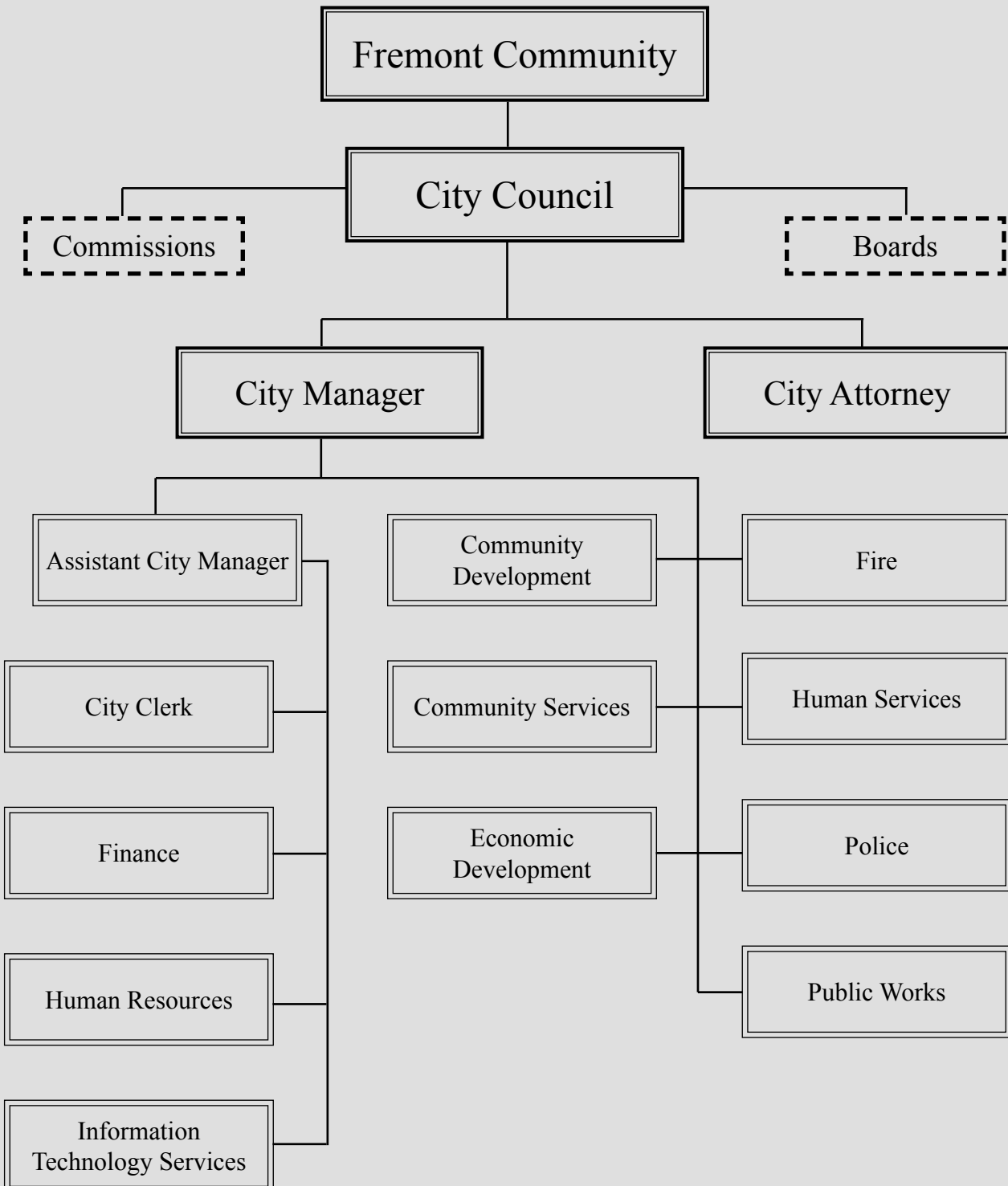
Fremont has long prided itself on being a lean organization, making the most of the resources entrusted to us. The prolonged recession has forced us to make hard choices about which services we will provide to the community, and how we will provide them. Fiscal discipline and wise stewardship over many years have made it possible for us to take a balanced approach as we strategically reset our service levels. I would like to thank both the City Council and City staff for the strong partnership that has enabled us to effectively meet the challenges we face, and the opportunities as we move forward.



Fred Diaz
City Manager

Summary Information

City of Fremont Organization Chart Fiscal Year 2014/15



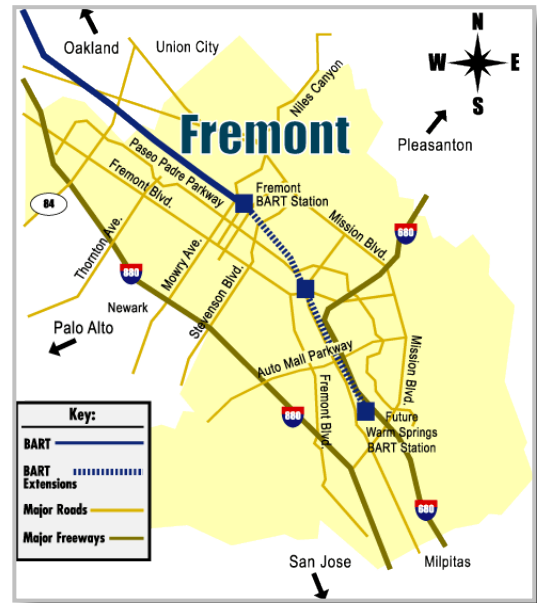
City of Fremont, California Regional View



City of Fremont Profile

History

Fremont's rich heritage can be traced to the Ohlones, natives of the land, and to the Spanish priests who established Mission San Jose, the first Spanish mission located inland. Since those early days, Fremont's rich soil, central location, and excellent climate have continued to attract newcomers to this area. In the mid-1840s, John C. Fremont mapped a trail through Mission Pass to provide access for American settlers into the southeastern San Francisco Bay Area. During the Gold Rush era, the Mission area attracted miners headed for the California gold fields. Governor Leland Stanford acquired land in the Warm Springs area, where he planted vineyards and built one of the first wineries in the state. The Niles district made history when the last tracks needed to connect the transcontinental railroad were laid there. Further acclaim came to Niles when Charlie Chaplin filmed "The Tramp" at the Essanay Movie Studio there. In 1853, Washington Township was established and included the communities of Mission San Jose, Centerville, Niles, Irvington, and Warm Springs. On January 23, 1956, these communities joined to form the City of Fremont.



Quality of Life

Fremont, located in southern Alameda County, stretches from the San Francisco Bay to the top of Mission Peak above historic Mission San Jose in the east. With a population of 220,000, Fremont is the fourth largest city in the San Francisco Bay Area and ranks 95th among the most populous cities in the nation according to the California State Department of Finance. Fremont is approximately 92 square miles in size and includes the 450-acre Central Park and 80-acre Lake Elizabeth, along with 57 other parks, five community centers, and extensive sports facilities. Fremont is also home to the Don Edwards San Francisco Bay National Wildlife Refuge, adjacent to Coyote Hills Regional Park.

Fremont enjoys a high rate of home ownership, a low crime rate, and a quality of life that is considered to be one of the best in the United States. For example, Fremont was rated as the best place in which to raise healthy children in the nation, and Men's Health magazine rated Fremont #1 in the nation for men's health. Fremont residents enjoy a highly rated public education system, low crime rates, and a vast array of recreation, park, and other leisure activities. In addition to beautiful parks and extensive recreational facilities, Fremont has easy access to three international airports, several major educational institutions, the Bay Area Rapid Transit (BART) system, and professional sports and cultural opportunities. Fremont is also home to Washington Hospital, a community asset for over 50 years.

Summary Information | City of Fremont Profile



Demographics

Population ²	
1956	22,443
1960	43,634
1970	102,321
1980	127,454
1990	173,116
2000	203,413
2010	214,089
2013	223,972

Government

Incorporated January 23, 1956

Fremont is a General Law Council/Manager City governed by a five-member City Council with a directly elected Mayor, all elected at large.

Number of Directly-Elected Mayors (since 1978): 7

Number of City Managers since Incorporation: 7

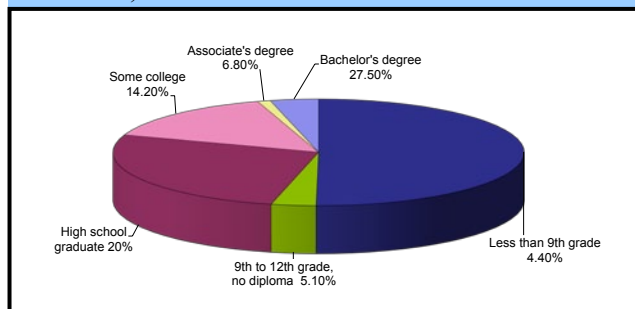
Land Area: 92 square miles

Climate³

Average Temperature: 60°F (15.6°C)

Average Annual Precipitation: 15.19"

Level of Educational Attainment (of people 25 years and older)⁴

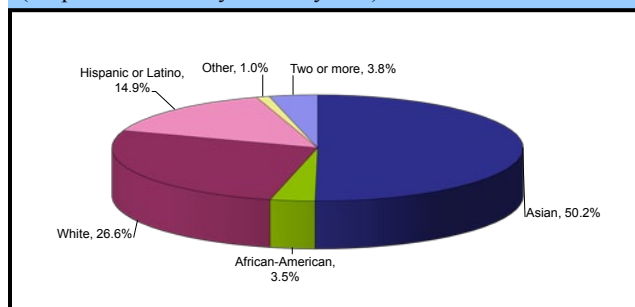


Median Age⁴: 37.2

Mean Household Income (2012 projection)⁴: \$115,471

Racial Composition⁴

(Hispanic/Latino may be of any race)



Full-time Employees FY 2014/15 ¹	
Community Development	60.30
Community Services	89.51
Economic Development	4.00
Fire	157.00
General Government	81.67
Human Services	57.63
Police	296.50
Public Works	117.61
Total	864.22

Business

Major Employers (listed by alphabetical order)⁵

Asteelflash California, Inc.
 AXT Inc.
 Boston Scientific Corporation
 City of Fremont
 ESS Technology Inc.
 Fremont Unified School District (FUSD)
 Hewlett-Packard Company
 Kaiser Foundation Hospitals
 Lam Research Corp
 Mattson Technology Inc.
 Mentor Graphics Corporation
 Palo Alto Medical Foundation
 Quanta Computer USA Inc.
 Sanmina-Sci
 Seagate Technology
 Synnex Corporation
 TermoFisher Scientific
 Tesla Motors Inc.
 Washington Hospital Healthcare System
 Western Digital

Community Services

City Resources	
Family Resource Center	1
Parks	58
Senior Center	1
Community Centers	5
Fire Stations	11

Education

Fremont Unified School District (FUSD) has:

- 29 elementary schools
- 5 junior high schools
- 6 high schools
- 8 other programs/schools

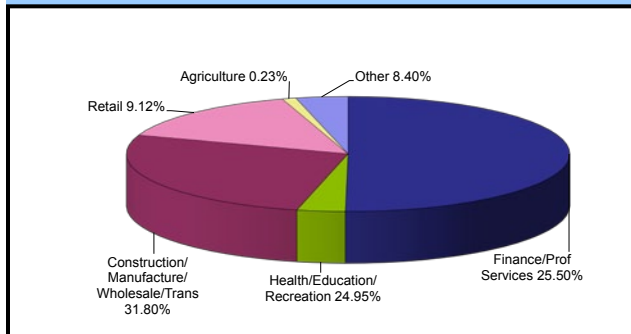
FUSD Average SAT I Score⁶: 1775

Percentage of FUSD graduates attending⁷:

- University of California: 23.1%
- California State University: 12.5%

Ohlone College is a public, two-year, open-admission community college with an average enrollment of almost 18,000 students per year⁸.

Distribution of Jobs by Major Employment Sectors (2012 projection)⁴
 Total Jobs = 103,484



Summary Information | City of Fremont Profile

Services by Other Governmental Units

Education:	Fremont Unified School District and Fremont-Newark Community College District
Flood:	Alameda County Flood Control and Water Conservation District
Parks:	East Bay Regional Park District
Public Transportation:	Bay Area Rapid Transit District, Alameda-Contra Costa Transit District, ACE Train, and Amtrak Capitol Corridor Train
Sewer:	Union Sanitary District
Gas and Electricity:	Pacific Gas and Electric
Water:	Alameda County Water District

Notes:

- ¹ FY 2014/15 Adopted Operating Budget, City of Fremont
- ² California State Department of Finance
- ³ The Weather Channel
- ⁴ U.S. Census Bureau, 2008-2012 American Community Survey
- ⁵ City of Fremont, Economic Development Department
- ⁶ California Department of Education
- ⁷ Fremont Unified School District
- ⁸ Ohlone College, Office of College Relations

All City Funds Schedule

The Summary of All Funds schedule on the following page groups the City's funds into four categories:

- General Fund
- Cost Center/Internal Service
- Special Revenue
- Capital

The first three categories include the City's operating funds, and the last one is a special purpose fund used for capital investments. Funding for most of the City's operations and most of its services comes from the first three fund categories.

The budget for Capital funds is reviewed and adopted by the City Council as part of the Capital Improvement Program (CIP).

The Summary of All Funds schedule consolidates all funds citywide and presents the total available resources and total use of resources, including beginning fund balances, revenues, expenditures, "transfers in," and "transfers out." This consolidation is achieved by eliminating all transfers between funds that are within the same fund category and all internal service fund charge transfers. Such eliminations are similar to those made to produce the City's government-wide financial statements, as mandated by Governmental Accounting Standards Board (GASB) Statement 34. These eliminations avoid the double counting that would otherwise occur if these proposed transactions were shown as either additional transfers or as additional revenues and expenditures. Therefore, the "Total Revenues" and "Total Expenditures" lines for all funds present the true budgeted revenues and expenditures expected to be received and spent by the entire organization.

Please refer to the General Fund section and the Other Funds section of this document for more information.

Summary Information | All City Funds Schedule

Summary of All Funds

(Thousands of Dollars)	Total General Fund	Cost Center/ Internal Service Funds	Special Revenue Funds	Capital Funds	Total All Funds
Revenues					
Taxes:					
Property Tax	\$ 74,167	\$ -	\$ -	\$ -	\$ 74,167
Sales Tax	39,400	-	1,199	-	40,599
Business Tax	8,112	-	-	-	8,112
Hotel/Motel Tax	6,866	-	-	-	6,866
Property Transfer Tax	1,336	-	-	-	1,336
Paramedic Tax	444	-	-	-	444
Franchise Fees	8,987	-	-	-	8,987
Charges for Services	5,523	24,688	9,135	-	39,346
Fines	3,093	-	-	-	3,093
Use of Money and Property	915	1,289	157	652	3,013
Intergovernmental	444	-	6,558	9,578	16,580
Other Revenues	1,262	1,174	1,986	4,510	8,932
Total Revenues	151,270	27,151	19,035	14,740	212,196
Transfers In	6,416	7,132	4,638	11,748	29,934
Resources Available (Revenues plus Transfers In)	157,686	34,283	23,673	26,488	242,130
Expenditures					
General Government	12,936	-	-	-	12,936
Police	61,073	-	751	-	61,824
Fire	37,168	-	184	-	37,352
Public Works:					
Engineering	-	9,238	-	-	9,238
Maintenance	13,537	-	-	1,200	14,737
Community Development:					
Planning	-	3,369	-	-	3,369
Building and Safety	-	5,496	-	-	5,496
Community Preservation/Comm Dev Admin	1,307	-	90	-	1,397
Housing	-	-	738	-	738
Human Services	-	731	12,282	-	13,013
Community Services:					
Recreation	-	8,035	25	-	8,060
Maintenance	7,523	-	-	-	7,523
Landscape	-	1,232	-	-	1,232
Environmental Services	-	-	7,259	-	7,259
Non-departmental	2,865	1,120	-	16,246	20,231
Less: Citywide Savings	(3,100)	-	-	-	(3,100)
Debt Costs	-	-	618	6,598	7,216
Total Expenditures	133,309	29,221	21,947	24,044	208,521
Total Transfers Out	23,518	3,655	1,390	1,371	29,934
Resources Used (Expenditures plus Transfers Out)	156,827	32,876	23,337	25,415	238,455
Net Results of Operations (Resources Available less Resources Used)	859	1,407	336	1,073	3,675
Beginning Fund Balance - 6/30/2014 (est.)	27,093	16,524	21,320	7,937	72,874
Fund Balance - 6/30/2015 (est.)	\$ 27,952	\$ 17,931	\$ 21,656	\$ 9,010	\$ 76,549

Citywide Position Changes Overview

The total authorized regular staffing level of 864.22 for FY14/15 has increased by 21.48 full time equivalents (FTEs) from the FY 2013/14 level. While there is an overall increase in staffing, many departments continue to operate at a low level when compared to historical staffing ratios.

The overall staffing level has increased and is attributed to a variety of factors. The City has taken steps to address its Public Safety unmet needs including adding 3 Police Officers and opening Fire Station No. 11. Efforts are also being undertaken to consolidate Police dispatch between the City of Fremont and the City of Union City. Staffing in the Development Center has been enhanced to match a steady increase in activity levels and growing demands.

	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14*</u>	<u>2014/15</u>
<u>PUBLIC SAFETY</u>						
Fire	152.000	152.500	152.500	153.000	154.000	157.000
Police	287.000	287.000	287.000	282.000	287.500	296.500
TOTAL	439.000	439.500	439.500	435.000	441.500	453.500
<u>OTHER COMMUNITY SERVICES</u>						
Community Development	99.275	98.335	60.750	61.000	57.300	60.300
Economic Development	4.575	3.650	3.650	4.000	4.000	4.000
Human Services	51.800	54.500	54.500	56.500	58.150	57.625
Public Works	103.105	103.230	109.235	110.235	111.610	117.610
Community Services	61.850	61.850	93.430	94.410	88.510	89.510
Housing and Redevelopment	11.925	12.100	12.100	0.000	0.000	0.000
TOTAL	332.530	333.665	333.665	326.145	319.570	329.045
<u>ADMINISTRATIVE DEPARTMENTS</u>						
City Manager's Office	5.250	6.150	6.250	6.800	8.800	8.800
City Attorney	9.420	9.420	9.420	9.670	9.920	9.920
City Clerk	4.250	4.200	4.200	4.200	4.200	4.200
Finance	21.650	21.650	21.550	21.750	22.750	22.750
Information Technology Services	19.900	19.900	19.900	22.000	22.000	22.000
Human Resources	14.000	14.000	14.000	14.000	14.000	14.000
TOTAL	74.470	75.320	75.320	78.420	81.670	81.670
CITYWIDE TOTAL	846.000	848.485	848.485	839.565	842.740	864.215
* Total number of positions anticipated at the end of June 2014.						

Summary Information | Citywide Position Changes

The Community Development Department staffing level for FY2014/15 is 3.00 FTEs more than the FY2013/14 level. The increase is attributed to the increased activity at the Development Center.

The Community Services Department staffing level is 1.00 FTE more than the FY2013/14 level. This change is due to the increase in development activity involving the City's park areas.

The Human Services Department staffing level for FY2014/15 is 0.53 FTE less than the FY2013/14 level. This decrease is the net result of a re-organization within the department.

The Fire Department staffing level for FY2014/15 is 3.00 FTEs more than the FY2013/14 level. The increase is the net result of a re-organization and opening of Fire Station No. 11.

The Police Department staffing level for FY2014/15 is 9.00 FTEs more than the FY2013/14 level. This increase is due to the addition of 3.0 FTEs in Police Officers and the consolidated Police dispatch system between the City of Fremont and the City of Union City.

The Public Works Department staffing level for FY2014/15 is 6.00 FTEs more than the FY2013/14 level. The change is attributed to the overall increase in development activity in the City.

City Debt Summary

Cities have primarily three choices in financing their operations and funding public facilities: pay-as-you-go, debt financing, and public-private ventures. The City has adopted a Long-Term Capital Debt Policy that sets the guidelines for issuing debt and provides guidance in the timing and structuring of long-term debt commitments. The City will consider the issuance of long-term debt obligations only under the conditions outlined in the policy displayed in the Policies and Glossary section of this document. Debt payments affecting the operating budget are detailed in the “transfers summary” located in the General Fund section of this budget.

The following charts summarize the City’s existing long-term debt and future debt obligations related to that existing debt.

Debt Outstanding Fiscal Years Ending 2013 and 2014		
	<u>2013</u>	<u>2014</u>
General Obligation Bonds		
General Obligation Bonds, Election of 2002 Series B	\$ 22,780,000	\$ -
General Obligation Bonds, Election of 2002 Series C	15,130,000	14,810,000
General Obligation Bonds, 2012 refunding of Election of 2002 Series A	8,060,000	7,750,000
General Obligation Bonds, 2013 refunding of Election of 2002 Series B	-	22,005,000
Total General Obligation Bonds	<u>45,970,000</u>	<u>44,565,000</u>
Certificates of Participation - General Fund		
2008 Public Financing Authority (refi of 1990, 1991, 2002, 2003 COPs)	70,845,000	69,305,000
2010 Public Financing Authority	15,000,000	15,000,000
2012A Public Financing Authority (refi of 1998 COPs)	12,125,000	11,355,000
2012B Public Financing Authority (refi of 2001A and 2001B COPs)	30,670,000	29,190,000
Sub-Total	<u>128,640,000</u>	<u>124,850,000</u>
1998 Public Financing Authority (Fremont Family Resource Center)	<u>8,945,000</u>	<u>8,565,000</u>
Total Certificates of Participation	<u>137,585,000</u>	<u>133,415,000</u>
Total General Obligation Bonds and Certificates of Participation	<u>\$ 183,555,000</u>	<u>\$ 177,980,000</u>

Summary Information | City Debt Summary

Annual Debt Service Requirements

	<u>Certificates</u> <u>of Participation -</u> <u>Source of Payment</u>	<u>Certificates</u> <u>of Participation -</u> <u>Source of Payment</u> <u>Fremont Resource</u>	<u>General</u> <u>Obligation Bonds</u> <u>Election of 2002</u>	<u>General</u> <u>Obligation Bonds</u> <u>Election of 2002</u>	<u>General</u> <u>Obligation Bonds</u> <u>Election of 2002</u>
	<u>General Fund</u>	<u>Center</u>	<u>Series C</u>	<u>2012 refunding</u>	<u>2013 refunding</u>
FY 2014/15	6,883,718	571,690	1,036,375	545,150	1,593,888
FY 2015/16	6,923,148	588,214	1,043,650	543,700	1,590,388
FY 2016/17	6,976,935	603,562	1,049,256	542,150	1,595,688
FY 2017/18	7,025,936	614,119	1,054,612	538,825	1,594,688
FY 2018/19	7,068,144	633,890	1,051,988	538,625	1,592,488
Thereafter	123,520,647	6,960,766	20,552,450	7,531,994	24,859,581
Total Principal &					
Interest	158,398,528	9,972,241	25,788,331	10,240,444	32,826,721
Less Interest	33,548,528	1,407,241	10,978,331	2,490,444	10,821,721
Total Principal	124,850,000	8,565,000	14,810,000	7,750,000	22,005,000

Legal Debt Margin

Under State law, the City has a legal debt limitation not to exceed 15% of the total assessed valuation of taxable property within the City boundaries. In accordance with California Government Code section 43605, only the City's general obligation bonds are subject to the legal debt limit. With only \$44,565,000 of outstanding debt subject to the legal debt limit and a legal debt limit of \$5,327,921,501, the City is not at risk of exceeding its legal debt limit.

Computation of Legal Debt Margin as of June 30, 2014

Assessed Valuation (Net) ¹	<u>\$35,519,467,673</u>
Debt Limit: 15% of Assessed Value	\$5,327,921,501
Less Outstanding Debt (Subject to Legal Debt Limit)	<u>44,565,000</u>
Legal Debt Margin	<u>\$5,283,356,501</u>

¹Source: Alameda County-Controller's Office Certificate of Assessed Value, FY2013/14.

Compliance with Long-Term Capital Debt Service Policy

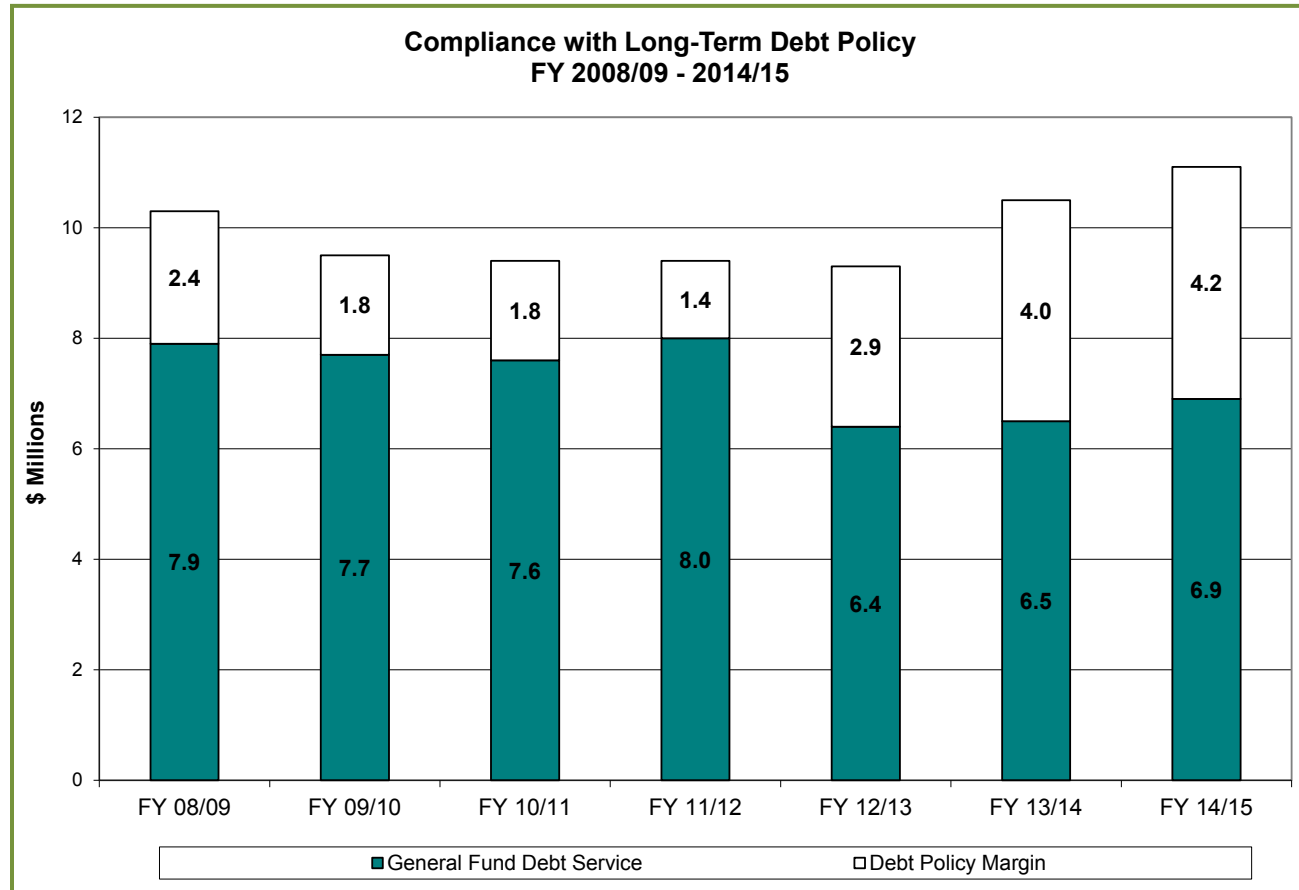
The City of Fremont's Long-Term Capital Debt Policy, adopted by the City Council on May 7, 1996, and revised and readopted with the CIP on July 8, 1998, requires that General Fund supported debt service not exceed 7% of total General Fund budgeted expenditures and transfers out. With FY 2014/15 General Fund supported debt service of \$6,883,718, and a debt level limit of \$11,034,940, the City has not exceeded its debt service limit.

Computation of Compliance with Debt Service Limit

Total General Fund Budgeted Expenditures and Transfers Out	<u>\$157,642,000</u>
Policy Debt Service Level Limit:	
7% of Total Budgeted Expenditures and Transfers Out	\$11,034,940
Less General Fund Supported Debt Service	<u>6,883,718</u>
Policy Debt Margin	<u>\$4,151,222</u>

Compliance with Long-Term Capital Debt Policy

The City's Long-Term Capital Debt Policy limits General Fund-supported debt to a maximum of 7% of total General Fund budgeted expenditures and transfers out. The City has been in compliance with this policy since it was first adopted by the City Council in 1996. The forecast for long-term debt indicates that the City will remain in compliance and will not exceed 7% of total General Fund budgeted expenditures and transfers out. For FY 2014/15, the payments on General Fund-supported debt will be \$6.9 million.



Gann Limit

Article XIII B of the California Constitution (enacted with the passage of Proposition 4 in 1979, with modifications under Proposition 111 passed in June 1990, and implemented by California Government Code sections 7900, and following) provides the basis for the Gann appropriation limitation. In brief, the City's appropriations growth rate is limited to changes in population and either the change in California per capita income or the change in the local assessment roll due to new, non-residential construction.

The formula to be used in calculating the growth rate is:

$$\begin{aligned} & \frac{\% \text{ change in population} + 100}{100} \\ & \text{times} \\ & \text{either} \\ & \frac{\% \text{ change in per capita income} + 100}{100} \\ & \text{or} \\ & \frac{\% \text{ change in assessment roll due to non-residential construction} + 100}{100} \end{aligned}$$

The resultant rate times the previous appropriations limit equals the new appropriation limit.

Both the California per capita personal income price factor and the population percentage change factor are provided by the State Department of Finance to local jurisdictions each year. The population percentage change factor estimates the change in the City's population between January of the previous fiscal year and January of the current fiscal year. Reports that present changes in new, non-residential assessed value are provided by the County of Alameda. These numbers provide the basis for the factor to be used in the City's calculation of the Gann Limit. Of the two methods above, the City is using the "assessment roll due to non-residential construction" factor because it results in the higher appropriations limit.

On May 1, 2014, the State Department of Finance notified each city of the population change factor and the per capita personal income factor to be used in determining the appropriations limit. The percentage change in per capita income is -0.23%. The percentage change in assessment roll due to non-residential construction is 0.34%. The calculation as applied to the City of Fremont for FY 2014/15 is as follows:

The The population change on January 1 of the previous year (220,133) compared to the population on January 1, 2014 (223,972) is 3,839, or a 1.74% increase.

The change in assessment roll due to non-residential construction is 0.34%.

The factor for determining the year-to-year increase is computed as:

$$\frac{1.74 + 100}{100} \times \frac{0.34 + 100}{100} = 1.0209$$

Summary Information | Gann Limit

Applying this year's factor of 1.0209 to last year's limit of \$567,257,766, the Gann Limit for FY 2014/15 yields \$579,113,453.

Based on an operating budget of \$157,642,000, Fremont is not at risk of exceeding the Gann Limit. The Gann Limit is adopted by the City Council concurrently with the adoption of the FY 2014/15 operating budget.

As part of the FY 2012/13 budget, the City Council adopted budget principles to help guide decisions having financial implications. In addition, the City began including performance measurements as part of departmental operating budgets. The first phase of performance measurement occurred with the development of the FY 2012/13 operating budget, and included the Community Services, Fire, Human Resources, Information Technology Services, and Public Works Departments. The rest of the City's department performance measurements were developed as part of the FY 2013/14 budget planning process. A list of budget principles and a summary of department performance measures are presented on the following pages.

Budget Principles

There are a number of principles noted below that have been used to guide the development of the operating budget. These principles fall into three primary categories: General Fund Preservation, Reduce the Cost of Doing Business, and Revenue Generation.

General Fund Preservation

- Maintain a structurally balanced budget
- Spend restricted or non-General Fund resources first
- Do not commit one-time resources to ongoing costs or programs
- Do not issue long-term debt to fund ongoing operating costs
- Maintain adequate reserves – review and update as needed
- Adopt policies that support sustainability
- Regularly monitor financial performance
- Fully recover costs of providing services
- Analyze and adjust fees regularly and incrementally

Reduce the Cost of Doing Business

- Understand what the City is required to do versus what it has chosen to do
- Maximize use of grant funding to offset General Fund costs, based on Council priorities
- Streamline and automate processes for efficiency
- Consider alternative service delivery options
- Consider total compensation when bargaining
- CIP projects may proceed only if there is sufficient funding for ongoing operating and maintenance costs
- Invest reserves/one-time revenues in capital outlay items that will reduce long-term operating costs and increase efficiency

Revenue Generation

- Continue to pursue new economic development opportunities
- Pursue opportunities to maximize revenues
- Maximize administrative and operational efficiencies before pursuing new revenues

Performance Measurement

For FY 2012/13, the City launched the first phase of performance measurement, which included the following departments: Community Services, Fire, Human Resources, Information Technology Services, and Public Works. Performance Measurements for the remaining departments were developed as part of the FY 2013/14 budget planning process. Phase II includes the City Attorney's Office, City Clerk, City Manager's Office, Community Development, Economic Development, Finance, Human Services, and Police.

City Attorney

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Percent of standard contracts reviewed within 5 business days of receipt	N/A	90%	80%	90%
Percent of liability (damage) claims reviewed and insufficiency noted within 14 days of receipt	N/A	90%	100%	90%
Percent of all serious work-related injuries reported to Cal OSHA within 8 hours of being informed of injury	N/A	100%	100%	100%

City Clerk

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Percent of time the Agenda packet is posted and distributed no later than 4 days prior to each City Council meeting	N/A	90%	91%	90%
Number of complaints received regarding Public Records Requests (PRR)	N/A	0	3	0

Summary Information | Performance Measurement

City Manager

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Percent of residents that agree that Fremont is a “good” or “excellent” place to live	N/A	73% ¹	84% ¹	84% ¹
Percent of employees that feel “prepared” and “trained” to do their jobs	N/A	86% ²	TBD ³	86% ³
Percent of increase of citizens communicating with the City on average via new engagement tools	N/A	10% over current users	43%	65,000 ⁴
<p>¹ Baseline survey results from the 2013 Community Survey was 84%. This Performance Measure will be measured biennially via the Community Survey.</p> <p>² Based on survey results from the 2012 Employee Survey. Baseline was 86% of Employees surveyed who “agreed” or “strongly agreed” that they were prepared and trained to do their job at work. This Performance Measure is measured via the Employee Survey.</p> <p>³ The Employee Survey will be conducted in FY 2014/15.</p> <p>⁴ Citizen engagement is defined as the number of followers and subscribers on the City’s social media sites as well as views of videos posted on all City of Fremont YouTube channels.</p>				

Community Development

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Reduce waits for public counter assistance to a minimum of 15 minutes	N/A	80%	90%	80%
Achieve entitlement processing schedules	N/A	80%	80%	80%
Achieve building permit processing schedules	N/A	80%	90%	80%

Community Services

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Increase Recreation program and services registrants by 2% from previous year	27,000	27,540	28,800	29,376
Increase solid waste diversion rate	74%	75%	75%	75%
Increase number of creek clean-up participants	441	550	600	550
Increase volume of waste material collected during creek clean-up	5,850 lbs	8,500 lbs	4,500 lbs	N/A*
* Note this performance measure will no longer be reported.				

Economic Development

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Percentage of community survey respondents satisfied or very satisfied with Economic Development efforts in the City ⁵	N/A	60%	66%	68%
Percentage of major stakeholders/clients that rank their experience with Economic Development as “very good” or “excellent” ⁶	N/A	80%	100%	90%
Number of business appreciation visits and establishment of baseline for percentage of visits that lead to subsequent follow-up/interaction with City	N/A	30 Businesses	38 Businesses	36 Businesses
⁵ Baseline survey result from the 2012 community survey was 56%. ⁶ Based on a 2014 survey sent to major stakeholders of the Economic Development Department during FY 2013/14.				

Summary Information | Performance Measurement

Finance

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Percent of bids reissued	N/A	2%	6%	4%
Percent of Business Tax renewals online	N/A	18.5%	19.8%	20%

Summary Information | Performance Measurement

Fire

Measure	FY 2012/13 Actual	FY 2013/14 Target*	FY 2013/14 Estimated Actual*	FY 2014/15 Target*
Percent of time first unit arrives at emergency scene six minutes, forty seconds (6:40) from 9-1-1 call	N/A	90%	82%	90%
Percent of time all units arrive at emergency scene (structural fire) eleven minutes, twenty seconds (11:20) from 9-1-1 call	N/A	90%	52%	90%
Provide sufficient amount of quality training to maintain operational readiness	N/A	20 hours per person per month	32.5 hours per person per month	20 hours per person per month
Provide sufficient amount of quality training to maintain required licenses and certifications	N/A	Required licenses and certifications 100% compliance	Met this measure with 100% compliance	Required licenses and certifications 100% compliance
Percent of inspections of State Fire Marshal (SFM) regulated occupancies	N/A	Complete inspections of 50% of SFM regulated occupancies in a given year	Met this measure with 100% compliance	Complete inspections of 50% of SFM regulated occupancies in a given year
Percent of inspections of permitted Hazardous Materials (Haz Mat) facilities	N/A	Complete 33% of Haz Mat Facility and 100% of Underground Storage Tank (UST) inspections in a given year	Completed 25% of Haz Mat Facility and 100% Underground Storage Tank (UST) inspections	Complete 33% of Haz Mat Facility and 100% of Underground Storage Tank (UST) inspections in a given year
* Data tracked on a calendar basis.				

Summary Information | Performance Measurement

Human Resources

Measure ⁷	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
% of City of Fremont Employee Survey participants aware of the Flexible Spending Account Program	N/A	70% ⁸	TBD	70% ⁹
% of employees who have received a formal evaluation in the last 12 months	N/A	NA (survey in 2014/15) ⁸	TBD	NA (survey in 2014/15) ⁹
% of employees who report receiving timely performance feedback	N/A	NA (survey in 2014/15) ⁸	TBD	NA (survey in 2014/15) ⁹
% of non-sworn positions filled within 90 days / sworn positions filled within 120 days	N/A	75/70%	TBD	75/70%
⁷ Human Resources has reorganized its Performance Measures from FY 2012/13 to better align with the City's and Department's outcomes. ⁸ Based on survey results from the 2012 Employee Survey. ⁹ A Citywide Employee Survey was conducted in the fall of 2012. A new survey is anticipated to be conducted in November 2014. Results for FY 2012/13 are indicated.				

Human Services

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Percent of Long-term SparkPoint Clients achieving economic mobility ¹⁰	N/A	65%	75%	65%
Percent of senior clients that improve their understanding of how to take their medication ¹¹	N/A	75%	92%	75%
¹⁰ Long-term SparkPoint clients will improve in one of 4 SparkPoint metrics (Higher Credit Score, Lower Debt to Income Ratio, Higher Income or Higher Savings) by at least 5%. ¹¹ As measured by a pre and post test administered by a public health nurse.				

Information Technology Services

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Percent of network availability as measured using a monitoring tool uptime algorithm	99%	98%	99%	98%
Percent of service tickets resolved within the stated service level agreements (SLAs) for the type and criticality of each request	78%	80%	76%	80%
Percent of requests for addressing completed within agreed-upon time frames	82%	85%	85%	85%

Police

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Continue to apply the strategies, tactics, and methods used to sustain or further reduce the incidence of burglaries	N/A	<1173	944	≤944
Minimize the number of injury collisions as compared to the previous year	N/A	<595	686 ¹³	<686
Percent of Police Department for which a comprehensive core competency training matrix is developed and an assessment is performed	N/A	TBD ¹²	TBD	TBD ¹²

¹² This is a new initiative with many complex facets that need to be completed before a target can be developed.

¹³ Changes in the way injury collision data was being collected resulted in a higher actual for FY2013/14 than was originally projected when creating the target for FY2013/14 (target should have been 658 instead of 595).

Summary Information | Performance Measurement

Public Works

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Average Pavement Condition Index (PCI) of the entire streets and roads network	N/A	PCI of 63	PCI of 66	PCI of 66
Percent of preventative maintenance repairs performed on-schedule (e.g., completed within two weeks of scheduled service)	N/A	78%	80%	85%
Percent of graffiti removal calls responded to within one business day for Priority 1 graffiti (gang-related or profane)/one business week for Priority 2 graffiti for all other types	N/A	85%/70%	80%/67%	85%/70%

Citywide Goals and Objectives

In 2002, the City Council adopted a Strategic Plan that outlines a vision for the long-term future of Fremont and proposes strategies and short-term goals for achieving the vision. The plan has three main purposes. First, it communicates the City's vision for the future to residents, businesses, and City employees. Second, it provides guidance so that decisions are good for today's challenges and good for the City in the future. Making decisions in the context of a shared vision developed through collaboration ensures broad commitment to the success of the plan. Finally, the Strategic Plan provides a sound framework for long-term departmental planning.

For budgeting purposes, the long-term desired outcomes and values outlined in the plan have been adopted as citywide goals that support the City Council's vision. The goals are used as a framework for ensuring alignment of department objectives with the City Council's vision. This section of the budget document presents the City Council's vision and goals from the 2002 Strategic Plan and a new goal #12, which was added in 2008. It also includes a matrix that illustrates the alignment of departmental objectives with citywide goals. Department objectives presented here may be abbreviated for format purposes. The full narrative text for each objective is displayed in the Departmental Budgets section of this document.

City Council's Vision

Fremont will be a globally-connected economic center with community pride, strong neighborhoods, engaged citizens from all cultures, and a superb quality of life.

Citywide Goals

1. **Strong community leadership**

City Council, Boards, and Commissions work with the community to create the long-term vision for Fremont and provide policy direction and guidance to the City organization. The City Manager and staff carry out the long-term vision on a daily basis through a variety of services and activities.

2. **A safe community**

People value a feeling of safety and security within their community. In Fremont, residents work together and with City staff to prevent crime and solve problems in their neighborhoods.

3. **A vibrant local economy**

The local economy is comprised of a strong, diversified commercial and industrial base, providing high-quality employment for the region. It is balanced with a strong retail sector and healthy neighborhood commercial districts.

Summary Information | Citywide Goals and Objectives

4. Thoughtful, orderly use of land and protection of environmental resources

The City values a harmonious blend of natural and physical environments, with particular priority for preservation of open space, such as the hillface and bay wetlands. Thoughtful land use and conservation also protect people's social and financial investments in the community.

5. Safe and effective transportation systems

Quality of life is highly dependent on high quality transportation systems, which enable people to get around easily. Alternatives to automobile transportation, such as walking, cycling, and public transit are also valued.

6. Public facilities and programs for recreation

Public facilities provide individual and family entertainment, relaxation, and education. Fremont's public amenities include parks, community centers, historic estates, a golf course, and related programming.

7. Historic character

Preservation of historic properties, neighborhoods, and commercial districts enables the community to adapt to change and embrace a progressive future while remaining true to its heritage and historic character.

8. Building a caring community

Fremont is a community where members care for each other and value services that help families and individuals live self-sufficiently with a respectable quality of life. The community values a range of housing opportunities balanced with employment opportunities to ensure that people who work in Fremont may also live here.

9. Strong families and healthy children

Fremont is proud of its identity as an excellent place for families and children. The City partners with the school district and other agencies and groups to foster growth in families and provide opportunities for youth development and community involvement.

10. Involvement of a diverse population

Fremont is an inclusive community that welcomes people of all ages, ethnicities, incomes, and backgrounds. The City believes that all segments of the population must be engaged and involved in making community decisions in order to ensure a high quality of life and effective democracy.

11. Effective and efficient city government

The Fremont community wants honest, responsive city government serving the community's interests with progressive, equitable, and fiscally responsible service delivery.

12. Creating an aging friendly community

The City will work to create an aging friendly community that is safe and welcoming. To that end, the City will promote an environment which values senior participation; a place where information and services are easily available for all seniors; where seniors can be mobile and actively involved; where meaningful exchanges between cultures and generations exist; and where people come together in support of one another regardless of age.

Summary Information | Citywide Goals and Objectives

Objectives Summary



Strong community leadership



A safe community



Vibrant local economy



Thoughtful, orderly use of land and protection of environmental resources



Safe and effective transportation systems



Public facilities and programs for recreation



Historic character



Building a caring community



Strong families and healthy children



Involvement of a diverse population


















































Effective and efficient city government















Creating an aging friendly community

COMMUNITY DEVELOPMENT DEPARTMENT:

- 1 In partnership with the ITS Department, replace the current permitting software system with a robust land use/permitting system. 
- 2 Continue to update the Zoning Code to be consistent with the new General Plan.      
- 3 Adopt the 2015-2023 Housing Element Update to address the City's Regional Housing Needs Allocation (RHNA).   
- 4 Process Habitat for Humanity project to provide new low- and moderate income family units.   
- 5 Process expansion at Lam Research campus.   
- 6 Process re-use of former-Henkel factory/Schuckl cannery to revitalize the southern end of Niles Boulevard with residential uses.   
- 7 Update Wireless Telecommunications Ordinance.  
- 8 Adopt the City Center Precise Plan and Form Based Code to transform the auto-oriented City Center into a multi-modal, mixed-use destination.      
- 9 Continue implementation of the Climate Action Plan to meet the City's greenhouse gas emission reduction target.   
- 10 Solicit new proposals for affordable housing projects and facilitate Council selection of a project to receive City funding.    
- 11 Increase collaboration with other jurisdictions for uniform enforcement of local regulations.    
- 12 Continue to collaborate with various departments to provide thorough and comprehensive development review services to the public.      
- 13 Update emergency plans and operations, including disaster safety assessment program.   

COMMUNITY SERVICES DEPARTMENT:

- 1 Complete court resurfacing for the 3 courts at Centerville Community Park.   
- 2 Complete Phase II of III for Master Planning the California Nursery Historic Park and start Phase III of III with the completion of an Environmental Impact Report and final concept plan for the park.   
- 3 Complete the rebid and construction of the Synthetic Turf Conversion project and parking lot for Nordvik Community Park.   
- 4 Complete the rebid and construction of the Central Park Sand Volleyball Court to multi-use hard court.   

The above are summaries of the full statement of each goal which may be found in the respective department's subsection of the Department Budgets section of this document.

Objectives Summary



Strong community leadership



A safe community



Vibrant local economy



Thoughtful, orderly use of land and protection of environmental resources



Safe and effective transportation systems



Public facilities and programs for recreation



Historic character



Building a caring community



Strong families and healthy children



Involvement of a diverse population



Effective and efficient city government



Creating an aging friendly community

COMMUNITY SERVICES DEPARTMENT (continued):

- 5 Complete design of the Northgate Community Park Cricket Batting Cages. Six cages will be built to support the active cricket use at this park.
- 6 Install 200 trash capture devices in the City's storm drain catch basins to intercept litter before it reaches City's creeks and streams.
- 7 Expand the number of customers participating in the City's commercial organics program from 70 to 150.



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Fremont

ECONOMIC DEVELOPMENT DEPARTMENT:

- 1 Leverage planning efforts in Warm Springs by marketing the development opportunity, completing demand analysis and recommendations implementation, and coordinating a working group.
- 2 Continue to support and attract businesses in targeted sectors locally, domestically and internationally.
- 3 Advance development of Fremont's Innovation District through signage, outreach, and additional promotion and marketing efforts.
- 4 Expand small business support program through 'Business District Walks'.
- 5 Continue to address business growth impediments identified in Fremont's 2013 Innovation Scorecard.



FIRE DEPARTMENT:

- 1 Fully implement the Lexipol Knowledge Management System by the summer of 2014.
- 2 Begin implementation of and transition to new CUPA/HazMat program software system and evaluate it for expanded use.
- 3 Implement a new Fire Investigations program.
- 4 Re-open Fire Station 11 and restore service to District 11.
- 5 Work with Human Resources, recruit, hire, and train firefighters to fill forecasted vacancies. Conduct a 4-month Fire Academy for new hires.



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Fremont

The above are summaries of the full statement of each goal which may be found in the respective department's subsection of the Department Budgets section of this document.

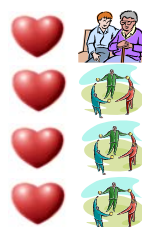
Summary Information | Citywide Goals and Objectives

Objectives Summary

	Strong community leadership		Historic character
	A safe community		Building a caring community
	Vibrant local economy		Strong families and healthy children
	Thoughtful, orderly use of land and protection of environmental resources		Involvement of a diverse population
	Safe and effective transportation systems		Effective and efficient city government
	Public facilities and programs for recreation		Creating an aging friendly community

HUMAN SERVICES DEPARTMENT:

- 1 Launch a senior mental health peer counseling program as part of a grant from Alameda County Behavioral Health Care Services.
- 2 Continue to coordinate a comprehensive SparkPoint program at the Fremont Family Resource Center.
- 3 Increase the financial assets of low income families through the FRC's VITA program.
- 4 Offer in-person application assistance during Open Enrollment for Covered CA for any family seeking assistance to enroll.



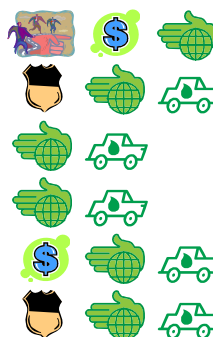
POLICE DEPARTMENT:

- 1 Continue utilizing the successful strategies designed to reduce residential burglaries and further refine and expand our efforts.
- 2 Continue utilizing the comprehensive strategic plan for the Traffic Unit.
- 3 Expand our existing Patrol Division training matrix to include additional training and continue our efforts to identify core job competencies.
- 4 Continue our partnership with other agencies in Alameda County and Contra Costa counties to complete our move toward joining a comprehensive data sharing platform.
- 5 Finalize an agreement with the City of Union City to provide dispatch services for their police department.
- 6 Continue to study and develop recommendations for a community based video system.
- 7 Partner with the Fire Department to expand our existing Tactical Emergency Medical Support (TEMS) program.



PUBLIC WORKS DEPARTMENT:

- 1 Prepare the five remaining surplus properties (Palm Avenue, Stevenson Place, Pickering, Decoto Road, and Isherwood) for sale.
- 2 Construct the \$11 million federal and Proposition 1B funded Niles Bridge Replacement Project to meet the latest seismic requirements.
- 3 Construct the Capitol Avenue extension project from Fremont Boulevard to State Street and design the pedestrian improvements.
- 4 Bid and construct the Warm Springs Widening Project between Reliance Way and Mission Boulevard.
- 5 Complete design and bid street widening and improvements to Fremont Boulevard, from south of Cushing to Warren Avenue.
- 6 Complete \$4.5 million of pavement maintenance work and \$6.0 million of pavement rehabilitation work throughout the City.


























The above are summaries of the full statement of each goal which may be found in the respective department's subsection of the Department Budgets section of this document.














































Objectives Summary

	Strong community leadership		Historic character
	A safe community		Building a caring community
	Vibrant local economy		Strong families and healthy children
	Thoughtful, orderly use of land and protection of environmental resources		Involvement of a diverse population
	Safe and effective transportation systems		Effective and efficient city government
	Public facilities and programs for recreation		Creating an aging friendly community

PUBLIC WORKS DEPARTMENT (continued):

- | | | | | |
|--|---|--|--|---|
| 7 Complete the design, bid, and construct of two federally-funded intersection improvement projects. |  |  |  |  |
| 8 Complete the construction of a federally-funded pedestrian and bicycle enhancement project. |  |  |  | |
| 9 Complete the construction of a project that will convert 350 high pressure sodium (HPS) street lights to more energy LED's. |  |  |  | |
| 10 Evaluate aged HVAC units for replacement at City Facilities to reduce energy use and cost. |  |  |  | |
| 11 Perform structural renovations at Vallejo Adobe which is a historic building located within the California Nursery in the Niles district. |  |  |  | |
| 12 Continue to contribute to the reduction of the City's carbon footprint by replacing City fleet with more fuel efficient vehicles. |  |  |  |  |
| 13 Expand the use of crack sealing as a form of maintenance and preservation of City streets. |  |  |  | |

ADMINISTRATIVE DEPARTMENTS:

- | | | | | | | | |
|---|--|---|---|---|---|---|---|
| 1 Pursue legislative efforts and strengthen state and federal partnerships to promote the best interests of the City, while implementing the Council's 2014 Legislative Guiding Principles and Priorities. |  |  |  |  |  |  |  |
| 2 Continue working on marketing and public relations efforts to promote the City of Fremont and attract businesses to the City. |  |  |  |  |  | | |
| 3 Continue to work with local and regional partners, as well as State and Federal Legislators, to ensure the strategic development of the Warm Springs/South Fremont area. |  |  |  |  |  | | |
| 4 Continue to commit time and resources towards the implementation of the Downtown Community Plan. |  |  |  |  |  | | |
| 5 Continue to partner with BART to ensure that Fremont's interests are considered relative to the BART extensions to Warm Springs/South Fremont and Santa Clara County. |  |  |  |  |  | | |
| 6 Attract and retain an appropriate mix of retail, office, and industrial or technology uses to foster a dynamic economy and a stronger tax base. |  |  |  |  |  | | |
| 7 Continue to grow social media and online tools subscriber base and public statement posts. |  |  |  | | |  | |
| 8 Complete and launch the City's website redesign. |  | | | | | | |
| 9 Continue to implement the Strategic Fiscal Sustainability Action Plan throughout the next few years and ensure timelines are met. |  |  | | | | | |
| 10 Provide legal support for negotiations, acquisitions, development, and approvals needed for the Downtown project, Centerville Unified site development, and Warm Springs/South Fremont area development. |  |  |  |  |  | | |
| 11 Assist the CD Department with the drafting, processing, and adoption of new City Center Code, Warm Springs Code, commercial zoning regulations, and other General Plan implementation measures. |  | | | | | | |




























The above are summaries of the full statement of each goal which may be found in the respective department's subsection of the Department Budgets section of this document.

Summary Information | Citywide Goals and Objectives

Objectives Summary

	Strong community leadership		Historic character
	A safe community		Building a caring community
	Vibrant local economy		Strong families and healthy children
	Thoughtful, orderly use of land and protection of environmental resources		Involvement of a diverse population
	Safe and effective transportation systems		Effective and efficient city government
	Public facilities and programs for recreation		Creating an aging friendly community

ADMINISTRATIVE DEPARTMENTS (continued):

- 12 Assist staff with the drafting, processing, and adoption of an amendment to the City's stormwater regulations. 
- 13 Evaluate cases for initiation of misdemeanor prosecution of appropriate Municipal Code violations. 
- 14 Work with City departments to review and update each department's Records Retention Schedule to ensure the schedules are current. 
- 15 Continue to manage the electronic distribution of agenda packets and assist the Planning Commission in their transition to an electronic format. 
- 16 Begin preparations for the 2014 November Elections. 
- 17 Assist with the transition of newly elected councilmembers. 
- 18 In partnership with the HR and ITS Departments, implement the migration of the City's financial applications by Fall 2015.  
- 19 In partnership with ITS, complete an upgrade to the software for the City's Business Tax (License) program by October 2014.  
- 20 Continue the outreach campaign to encourage more businesses to use the City's online business license renewal option.  
- 21 In collaboration with the various departments, discharge the last remaining responsibilities of the Successor Agency of the former Redevelopment Agency by December 2014.  
- 22 Expand internal Citywide training plan components including onsite staff training by City of Fremont employees for first time managers. 
- 23 Conduct Citywide succession planning analysis and produce succession planning action plan.  
- 24 Develop and implement an automated employee performance management program to set and maintain performance standards. 
- 25 Conduct Citywide employee survey to assess employee satisfaction, engagement and to inform the City's organizational development activities for the coming years. 
- 26 Develop and implement a communications plan based on the employee focus groups that align and sustain an organizational culture.  
- 27 Develop a plan to deliver high-speed Internet services to under-served or unserved areas in the City of Fremont. 
- 28 In partnership with the Finance Department, implement a new financial system that will go live in September 2015.  
- 29 In partnership with the Community Development Department, implement a new and robust land use/permitting system by July 2015.   

The above are summaries of the full statement of each goal which may be found in the respective department's subsection of the Department Budgets section of this document.

Objectives Summary



Strong community leadership



A safe community



Vibrant local economy



Thoughtful, orderly use of land and protection of environmental resources



Safe and effective transportation systems



Public facilities and programs for recreation



Historic character



Building a caring community



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Involvement of a diverse population



Effective and efficient city government



Creating an aging friendly community

ADMINISTRATIVE DEPARTMENTS (continued):

30 Partner with the Police Department to implement public safety scheduling software, Telestaff, by October 2014.



Fremont

31 Work with GIS software vendor to develop address and parcel editing workflow processes by July 2015.

Fremont

32 Create an open data GIS website that allows users to download spatial data by June 2015.

Fremont

The above are summaries of the full statement of each goal which may be found in the respective department's subsection of the Department Budgets section of this document.

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General Fund

General Fund Summary

The General Fund is the City's primary operating fund. It accounts for the majority of financial resources and outlays for basic services such as police, fire, and maintenance, as well as the administrative systems required to support them. The fund also accounts for the City's discretionary funding sources (e.g., property tax, sales tax, franchise fees, and business tax). As a rule, General Fund resources are used only to fund operations that do not have other dedicated (restricted) funding sources. Operations that rely heavily on non-General Fund resources, such as land development, recreation, and human services, are accounted for in other funds. Information on these operations can be found in the Other Funds section of this document.

This section provides information on the FY 2014/15 General Fund budget, including budget assumptions, expenditure and revenue highlights, transfers to other funds, reserve funds, and the financial forecast.

The FY 2014/15 budget displayed in the table on the next page shows that the City's budget is balanced without the use of reserves. Reflecting improvement in the local economy, General Fund resources are estimated to increase by 5.0% in FY 2014/15. Although revenues are increasing, the City is making up for position reductions and streets and facilities maintenance that was deferred during the economic downturn. That means that, although we are able to maintain and, in some cases, improve on the current level of services while making strategic investments for the City's future, we still have unfunded needs. Moreover, the City will face increasing budgetary pressure in future years resulting from increases in pension and healthcare costs. The Budget Overview section of this document provides more information on the City's fiscal outlook.

General Fund | General Fund Summary

General Fund Adopted Budget FY 2014/15

(Thousands of Dollars)	General Fund	Contingency Reserve	Program Investment Reserve	Economic Volatility Reserve	Budget Uncertainty Reserve	Eliminating Internal Transfers	Total General Fund
Revenues							
Taxes:							
Property Tax	\$ 74,167	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,167
Sales Tax	39,400	-	-	-	-	-	39,400
Business Tax	8,112	-	-	-	-	-	8,112
Hotel/Motel Tax	6,866	-	-	-	-	-	6,866
Property Transfer Tax	1,336	-	-	-	-	-	1,336
Paramedic Tax	1,165	-	-	-	-	-	1,165
Franchise Fees	8,987	-	-	-	-	-	8,987
Charges for Services	5,523	-	-	-	-	-	5,523
Fines	3,093	-	-	-	-	-	3,093
Use of Money and Property	915	-	-	-	-	-	915
Intergovernmental:	444	-	-	-	-	-	444
Other Revenues	1,262	-	-	-	-	-	1,262
Total Revenues	151,270	-	-	-	-	-	151,270
Transfers In	6,416	443	186	186	-	(815)	6,416
Resources Available (Revenues plus Transfers In)	157,686	443	186	186	-	(815)	157,686
Expenditures							
General Government	12,936	-	-	-	-	-	12,936
Police	61,073	-	-	-	-	-	61,073
Fire	37,168	-	-	-	-	-	37,168
Public Works:							
Engineering	-	-	-	-	-	-	-
Maintenance	13,537	-	-	-	-	-	13,537
Community Development:							
Planning	-	-	-	-	-	-	-
Building and Safety	-	-	-	-	-	-	-
Community Preservation/Comm Dev Admin	1,307	-	-	-	-	-	1,307
Housing	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-
Community Services:							
Recreation	-	-	-	-	-	-	-
Maintenance	7,523	-	-	-	-	-	7,523
Landscape	-	-	-	-	-	-	-
Environmental Services	-	-	-	-	-	-	-
Non-departmental	2,865	-	-	-	-	-	2,865
Less: Citywide Savings	(3,100)	-	-	-	-	-	(3,100)
Total Expenditures	133,309	-	-	-	-	-	133,309
Transfers Out	24,333	-	-	-	-	(815)	23,518
Resources Used (Expenditures plus Transfers Out)	157,642	-	-	-	-	(815)	156,827
Net Results of Operations (Resources Available less Resources Used)	44	443	186	186	-	-	859
Beginning Fund Balance - 6/30/14 (est.)	595	15,322	3,755	3,755	3,666	n/a	27,093
Fund Balance - 6/30/15 (est.)	\$ 639	\$ 15,765	\$ 3,941	\$ 3,941	\$ 3,666	n/a	\$ 27,952

NOTES:

- Public Works Engineering activities are funded in the Development Cost Center as shown in the Cost Centers/Internal Service section.
- Community Development Planning and Building and Safety activities are funded in the Development Cost Center as shown in the Cost Centers/Internal Service section; the Community Development Housing activities are funded in various housing-related special revenue funds as shown in the Special Revenue Funds section.
- Human Services activities are funded in various human-services special revenue funds as shown in the Special Revenue Funds section.
- Community Services Recreation activities are funded in the Recreation Cost Center from a combination of General Fund and fee revenues as shown in the Cost Centers/Internal Service section; Community Services Landscape activities are funded in the Development Cost Center as shown in the Cost Centers/Internal Service section; Community Services Environmental Services activities are funded in the Environmental Services special revenue funds as shown in the Special Revenue Funds section.

Budget Assumptions

In addition to the general assumptions of modest growth against a backdrop of continuing economic uncertainty, the FY 2014/15 budget is premised upon the following specific assumptions:

- 1. The local economy will continue to improve during FY 2014/15, resulting in total General Fund resources (revenues and transfers in) increasing by 5.0% over estimated actual resources in FY 2013/14.**

The largest contributors to the increased resources estimate are the hotel/motel occupancy tax (up 11.0%), transfers in (up 7.0%), and property tax (up 5.7%). Although the charges for services category is expected to increase by 13.4% in 2014/15, that increase largely represents payments from Union City for consolidated emergency dispatch services that are fully offset by increased expenditures.

The City's top five revenue categories, property tax, sales tax, business tax, hotel/motel tax, and franchise fees, comprising 87.2% of total General Fund resources, are estimated to increase by 4.8% from the FY 2013/14 level.

- 2. Total General Fund use of resources (expenditures and transfers out) is 3.0% more than the estimated actual amounts for FY 2013/14, but would grow by 5.0% if no vacancy savings were assumed.**

The local economy is showing significant improvement, and that is translating into higher general revenues. At the same time, we are making up for position reductions and streets and facilities maintenance that was deferred during the economic downturn. This means that, although the FY 2014/15 spending plan maintains and, in some cases, improves on the current level of services while making strategic investments for the City's future, we still have unfunded needs.

- 3. The costs of the FY 2014/15 budget will be covered by projected resources, without requiring the use of reserves to balance the budget.**

As shown in the General Fund Summary table, \$157.7 million of estimated revenues and transfers in are expected to be sufficient to fully offset \$157.6 million of expenditures and transfers out.

- 4. The State-mandated dissolution of the City's Redevelopment Agency means that property tax increment that had been committed to the former Redevelopment Agency is now distributed to all taxing jurisdictions in the same manner as regular property taxes.**

As a result of the California Supreme Court's decision in *California Redevelopment Association v. Matosantos* on December 29, 2011, all California redevelopment agencies were dissolved, effective February 1, 2012, and the unwinding of the affairs of all former redevelopment agencies began. Because property tax increment is no longer distributed to redevelopment agencies, all local taxing jurisdictions (including the City) are receiving their full share of property tax revenue.

5. **Total expenditures in the FY 2014/15 budget include a savings assumption of \$3.1 million (approximately 2.0% of total budgeted expenditures and transfers out in FY 2014/15) to compensate for the historical tendency to under-spend total allocated resources because of things like salary savings from vacant positions. In addition, there is also a savings assumption of \$820,000 to offset the additional appropriations required with respect to the City's variable rate debt, in accordance with debt covenants.**

Managers continue to contain operational costs wherever possible, and normal turnover within the City's 864-employee labor force creates vacancy savings. The City's variable-rate debt costs also are often less than the budgeted amount (which must be computed in accordance with debt covenants). Consequently, the City's actual expenditure totals each year will fall below the budgeted levels. To ensure the City efficiently uses all of its available resources to provide services, savings assumptions for these expenses are built into the budget.

6. **The FY 2014/15 budget provides funding to open Fire Station No. 11 in January 2015 and continue Sunday hours at the Fremont Main Library, \$1.1 million for affordable housing, as well as the \$1.0 million annual contribution to capital projects. It also includes enhanced funding for street maintenance and contributions for the Downtown and Warm Springs/South Fremont projects, three additional police officers, and prefunding the City's other post-employment benefit (OPEB) liabilities.**

Beginning in FY 2013/14, the City is devoting resources to addressing its unmet needs and, as a result, a number of the needs that appeared on last year's list have now been incorporated into the FY 2014/15 Adopted Budget as ongoing expenditures. These include the opening of Fire Station 11 in January 2015, continuation of Sunday hours at the Fremont Main Library, annual contributions for affordable housing equivalent to 20% of the City's former redevelopment project area property tax revenue, and \$1.0 million of "seed" money for the Downtown Plan.

The FY 2014/15 Budget also provides enhanced funding for the unfunded needs that remain on the list: \$2.9 million for street maintenance, \$1.0 million for maintenance projects in the capital improvement program (CIP), \$250,000 for Warm Springs/South Fremont infrastructure, \$480,000 for three additional police officers, and \$2.2 million toward prefunding the City's OPEB liability.

7. **The General Fund's primary reserves will be maintained at 15% of total expenditures and transfers out and, when the Budget Uncertainty Reserve is included, the City's reserve level is 17.3%. This exceeds both the Council's 15% policy level and the 16.7% level recommended by the Government Finance Officers Association of the United States and Canada (GFOA).**

The City maintains three General Fund reserves whose funding is linked to total budgeted expenditures and transfers out: the Contingency Reserve, the Program Investment Reserve, and the Economic Volatility Reserve. Balances and potential use of the Contingency Reserve, Program Investment Reserve and Economic Volatility Reserve are governed by City Council policies adopted with the FY 1996/97 budget and modified with the FY 2009/10 and FY 2013/14 budgets.

The Contingency Reserve is intended to mitigate the effects of natural disasters or other severe unforeseen events, as well as providing back-up liquidity to the Risk Management Fund, and is to be maintained at 10% of total operating expenditures and transfers out.

The Program Investment Reserve is available to provide seed funding for new initiatives that will generate ongoing external revenues; it is to be maintained at 2.5% of total operating expenditures and transfers out.

The Economic Volatility Reserve is intended to mitigate the effects of future economic downturns and unanticipated cost increases beyond the City's control; it is also to be maintained at 2.5% of total operating expenditures and transfers out.

A fourth reserve, the Budget Uncertainty Reserve, has no funding target (the current balance is \$3.7 million). It is governed by a Council policy adopted with the FY 2002/03 budget, and it is intended to offset quantifiable revenue uncertainty in the multi-year forecast.

Resources

General Fund resources include revenues and transfers into the General Fund from other funds. Total budgeted resources will be adequate to support total budgeted expenditures of \$157.6 million, so the budget is balanced, with no need to use reserves.

Property taxes are projected to remain the City's largest revenue source in FY 2014/15, making up 47.0% of General Fund resources. Property tax revenues are estimated to total \$70.2 million in FY 2013/14, and staff projects those revenues will increase to \$74.2 million in FY 2014/15, an increase of 5.7%. The City's FY 2014/15 property tax revenues are based on assessed property values as of January 1, 2014. Under Proposition 13, assessed values of all real property adjust with the California Consumer Price Index (CCPI), with a 2% limit, unless there is a change in ownership or new construction. The CCPI adjustment for the FY 2014/15 tax roll is an increase of 0.454%. Other than the -0.237% adjustment for the FY 2010/11 tax roll, this is the lowest CCPI adjustment since the passage of Proposition 13 in 1978. Two mitigating factors are serving to offset the low CCPI adjustment: first, the local real estate market performed remarkably well in 2013, with strong sales activity and prices climbing to levels not seen in recent years; second, the County Assessor is continuing the process of restoring some of the temporary assessed value reductions related to declines in market value that occurred between 2008 and 2012, based on a strengthening of the overall housing market.

Sales tax revenues are estimated to total \$38.1 million in FY 2013/14 growing to \$39.4 million in FY 2014/15, an increase of 3.5%. Sales tax revenues comprise 25.0% of General Fund resources. The City's sales tax revenue comes to the City in two parts: 75% from the traditional share of the sales tax paid on consumer purchases, and 25% from the "triple flip" property tax replacement revenue. The "triple flip" refers to the State's mechanism for financing its 2004 Economic Recovery Bonds, whereby the State receives 25% of cities' sales tax revenue in exchange for an equal amount of additional property tax. The amount of property tax replacement revenue is equal to 25% of "regular" sales tax revenue generated in the prior fiscal year. A sizeable portion of FY 2013/14 sales tax revenue is a true-up payment from the State to make up for under-payment of the "triple flip" advance in the prior year. Consequently, the FY 2013/14 total over-states taxable sales activity for

General Fund | General Fund Summary

that year and results in a lower year-over-year growth estimate for FY 2014/15. Without the “triple flip” distortion, taxable sales are estimated to grow by 5.0% in FY 2014/15.

Business taxes are projected to yield \$8.0 million in FY 2013/14, which includes \$340,000 of one-time collections for prior-year taxes and citations. The FY 2013/14 projection (excluding the one-time revenue) is an increase of 4.1% from the prior year. The FY 2014/15 business tax estimate is \$8.1 million, an increase of 5.7% over the ongoing prior year revenue. A portion of the revenue growth in this category can be attributed to improved processes and enhanced collection efforts within the Finance Department revenue division. Business tax makes up 5.1% of General Fund resources.

Hotel/motel occupancy tax revenues are projected to reach \$6.2 million in FY 2013/14, which includes \$265,000 of one-time collections for prior-year taxes, penalties, and interest. The FY 2013/14 projection (excluding the one-time revenue) represents an increase of 21.5% from the prior year. This revenue increase can be attributed to a combination of higher occupancy rates and higher room rates. As occupancy rates have now recovered significantly from the recent low point in 2009, future revenue growth will likely be based more on increases in room rates than on occupancy. Accordingly, FY 2014/15 hotel/motel occupancy tax revenues are estimated at \$6.9 million, an increase of 16.0% from the ongoing FY 2013/14 level and constituting 4.4% of General Fund resources.

The City charges franchise fees to providers of electricity, natural gas, residential garbage, and cable television services. Franchise fee revenues are based on franchisee gross revenues, which are largely a function of rates and customer usage. The FY 2013/14 projection shows 3.0% increase from the prior year, with another 3.0% growth estimated for FY 2014/15. The estimated FY 2014/15 franchise fees revenue of \$9.0 million represents 5.7% of General Fund resources.

The Change in General Fund Resources table includes a line for “other revenues,” which includes charges for services, law enforcement fines, paramedic tax, property transfer tax, and State reimbursements for mandated services. Most of these items are anticipated to remain relatively flat in FY 2014/15 compared with the prior year, with the exception of charges for services. The charges for services category will be increasing by over \$500,000, primarily representing payments from Union City for consolidated emergency dispatch services.

Change in General Fund Resources FY 2013/14 to FY 2014/15 (\$ millions)			
Revenues	Estimated Actual FY 2013/14	Adopted Budget FY 2014/15	Difference
Property Tax	\$ 70.2	\$ 74.2	\$ 4.0
Sales Tax	38.1	39.4	1.3
Business Tax	8.0	8.1	0.1
Hotel/Motel Tax	6.2	6.9	0.7
Franchise Fees	8.7	9.0	0.3
Other Revenues	13.0	13.7	0.7
Revenues Subtotal	144.2	151.3	7.1
Transfers In	6.0	6.4	0.4
Total Available Resources	\$ 150.2	\$ 157.7	\$ 7.5

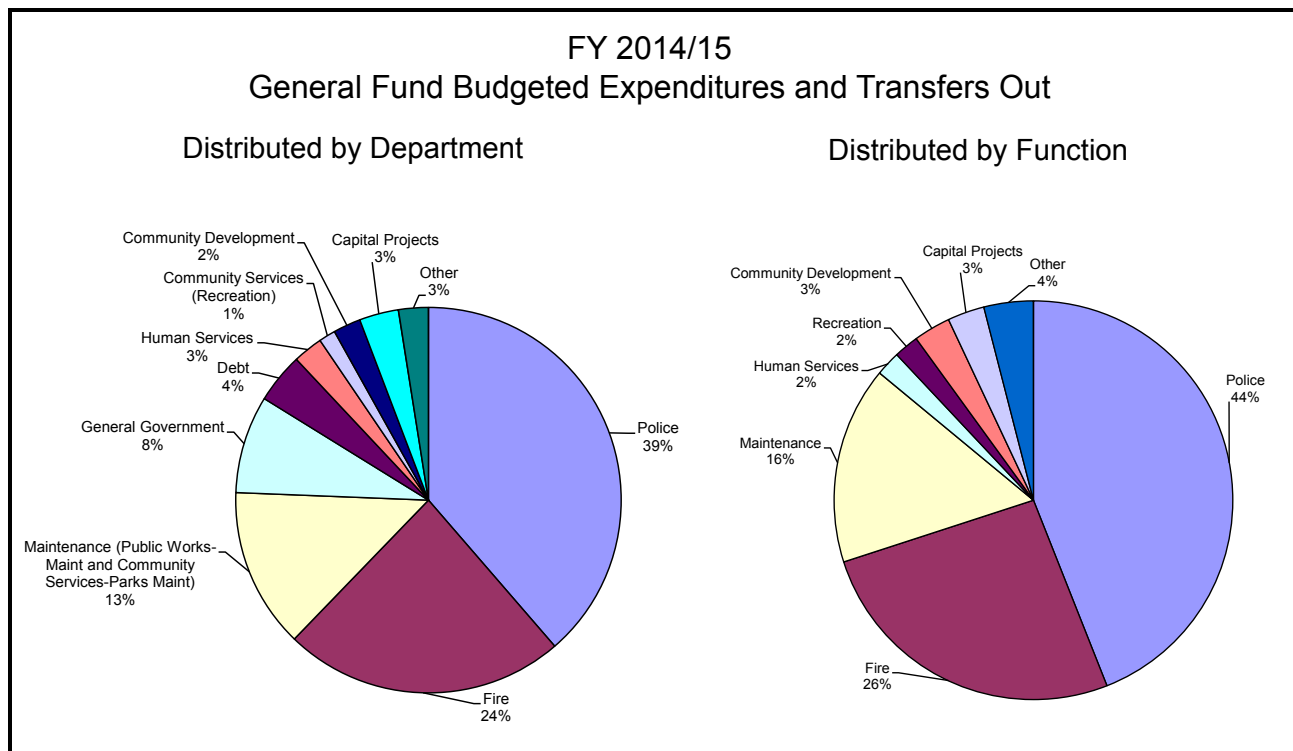
The General Fund receives transfers from other funds for general government services (such as human resources, finance, and legal assistance) provided to operations funded outside the General Fund (such as development services, recreation services and human services). In FY 2013/14, transfers from other funds are expected to total \$6.0 million, and include a \$300,000 transfer from the Fire Impact Fee Fund to offset a portion of General Fund debt service payments for Fire Department facilities. In FY 2014/15, transfers from other funds are expected to total \$6.4 million, or 4.1% of available resources, and include a \$500,000 transfer from the Fire Impact Fee Fund to offset debt service.

Expenditures

Budgeted expenditures and transfers to other funds for FY 2014/15 total \$157.6 million. The FY 2014/15 amount is 5.3% higher than the FY 2013/14 adopted budget, and 3.0% higher than the estimated actual use of resources for FY 2013/14.

As displayed in the chart showing the distribution by department on the next page, the budget maintains the City Council's long-standing funding priorities by allocating 76% of the budget to direct costs for public safety and maintenance. As shown in the chart on the next page showing distribution by function, the share of General Fund resources budgeted for these purposes is actually 86% when overhead costs required to support these functions are allocated.

Basic City services, such as police, fire, and maintenance, are labor-intensive. Therefore, the City's budget is largely driven by labor-related costs including salaries, health benefits, and retirement system contributions. The majority of the 5.3% increase in budgeted expenditures and transfers out for FY 2014/15 relates to increases in public safety positions, the 2% salary increase that resulted from negotiations with employee bargaining groups in FY 2012/13, changes in the actuarial methodology used by CalPERS to determine pension contributions, and increases in health care premiums for active employees. The additional public safety positions serve to address a portion of the City's unmet needs (three fire engineers to open Fire Station No. 11 and three police officers) and implement consolidated dispatch operations with Union City (six dispatchers).



Transfers Out to Other Funds

In addition to direct expenditures, the General Fund transfers resources to other funds to support activities that cannot be supported through fees, grants, or charges for service. These activities range from capital projects and debt service, to cost center operations, special revenue funds, and reserve accounts with specific purposes.

Transfers to cost centers fund activities in the cost centers that cannot be supported by fees or charges for services. The cost centers are enterprise-like mechanisms for funding the development, recreation, and senior center functions. The General Fund also supports activities in the human services special revenue fund. Transfers from the General Fund to these activities are increasing by 2% in FY 2014/15, reflecting the negotiated 2% salary increase. In the case of the development cost center, the 2% increase will be more than offset by a reallocation of certain positions to the General Fund which correspondingly reduce the level of needed support.

The transfer for debt service on the City's outstanding capital debt increases by \$80,000 for FY 2014/15. The City has issued variable-rate certificates of participation that bear interest at rates that reset weekly, and for the past several years the weekly reset rates have been significantly less than 1%. Because the financing documents require budgeted appropriations to be set at a level that is higher than is likely to actually be experienced, the budget includes a savings assumption of \$820,000.

The General Fund contains four reserves that may be funded with annual transfers from the General Fund:

- the Contingency Reserve (set at 10% of annual operating expenditures and transfers out), which is intended to help mitigate the effects of natural disasters and severe, unforeseen events;
- the Program Investment Reserve (set at 2.5% of annual operating expenditures and transfers out), which provides a source of working capital for new initiatives that have the potential to generate significant funding from external sources;
- the Economic Volatility Reserve (set at 2.5% of annual operating expenditures and transfers out), which is intended to mitigate the effects of future economic downturns and unanticipated cost increases beyond the City's control; and
- the Budget Uncertainty Reserve, which is intended to offset quantifiable revenue uncertainty in the budget.

The table below summarizes the FY 2014/15 projected funding levels for each reserve. Funding levels for the Contingency Reserve, the Program Investment Reserve, and the Economic Volatility Reserve are based on the amount of total General Fund expenditures and transfers out budgeted each year (10%, 2.5%, and 2.5%, respectively). Based on the proposed budget for expenditures and transfers out, a transfer to these reserves of \$815,000 will be necessary in FY 2014/15. As the table below illustrates, the three primary General Fund reserves (Contingency Reserve, Program Investment Reserve, and Economic Volatility Reserve) total \$23.7 million. The Budget Uncertainty Reserve level does not have a targeted funding level, so there is no required contribution in FY 2014/15. The balance of the Budget Uncertainty Reserve remains unchanged at \$3.7 million at the end of FY 2014/15.

General Fund Reserves (\$ millions)*				
	FY 2013/14 Est. Balance	FY 2014/15 Transfer	FY 2014/15 Projected Use	FY 2014/15 Balance
Contingency Reserve	\$ 15.4	\$ 0.4	\$ -	\$ 15.8
Program Investment Reserve	3.7	0.2	-	3.9
Economic Volatility Reserve	3.7	0.2	-	3.9
Budget Uncertainty Reserve	3.7	-	-	3.7
Total General Fund Reserves	\$ 26.5	\$ 0.8	\$ -	\$ 27.3

* Numbers are rounded

Financial Forecast

The financial forecast is a planning tool that helps staff identify important trends and anticipate the longer-term consequences of budget decisions. The forecast tools have been instrumental in modeling the effects of such recent budget issues as rising retirement system costs, the short- and long-term consequences of issuing variable rate debt, and potential scenarios for future revenue performance. The ability to model cost and revenue trends beyond the next budget year helps the City make proactive budget decisions early in an economic cycle, such as the most recent economic downturn.

The forecast is not a plan, but a model based on revenue and cost assumptions that are updated regularly as new information becomes available. Of these components, future cost projections, based on known costs, are relatively reliable. Revenue forecasts, on the other hand, are based on assumptions related to future economic conditions, which are fraught with uncertainty. Economic forecasts reported in the media frequently swing from optimistic to pessimistic, and demonstrate the perils of committing to a particular prediction of the future. For this reason, the forecast is updated regularly, and is the subject of periodic City Council discussion.

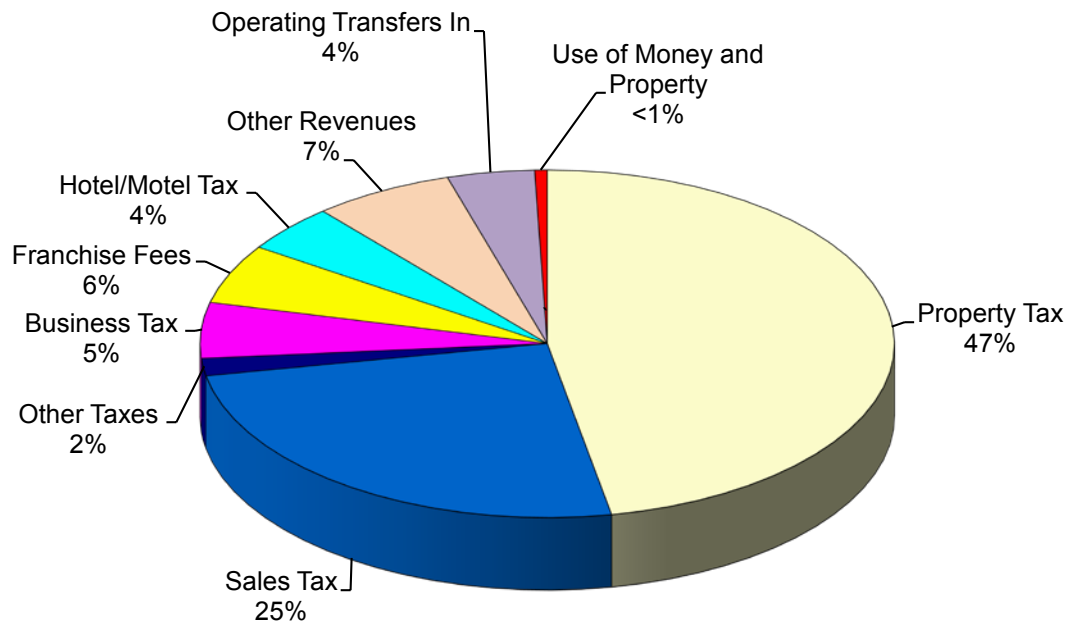
The key forecast assumptions are as follows:

- The California consumer price index (CCPI) will increase by at least 2% in both 2014 and 2015, allowing assessed values to increase by 2% for FY 2015/16 and FY 2016/17.
- By FY 2016/17, the County Assessor will have completely restored all property values temporarily reduced under Proposition 8.
- The relatively high post-recession growth in sales tax and hotel/motel tax revenues will slow in FY 2015/16 and FY 2016/17 as the business cycle matures.
- Scheduled increases in consolidated dispatch fee revenue from Union City have been included.
- Interest rates will increase modestly through the forecast period, affecting both interest earnings revenue and variable-rate debt service expenses.
- Estimated pension contribution increases related to changes in actuarial methodology and demographic assumptions have been incorporated based on preliminary information from CalPERS.
- Ongoing funding for three additional police officers has been included in the FY 2015/16 forecast.
- Ongoing funding for two additional emergency dispatchers as part of the dispatch consolidation with Union City has been included in the FY 2015/16 forecast.
- Ongoing additional funding of \$700,000 per year for street maintenance has been included in the FY 2015/16 forecast.
- Commitments for anticipated fund transfers contained in the adopted FY 2013/14 – FY 2017/18 CIP are included.

- Commitments for all known and anticipated debt service costs are included.

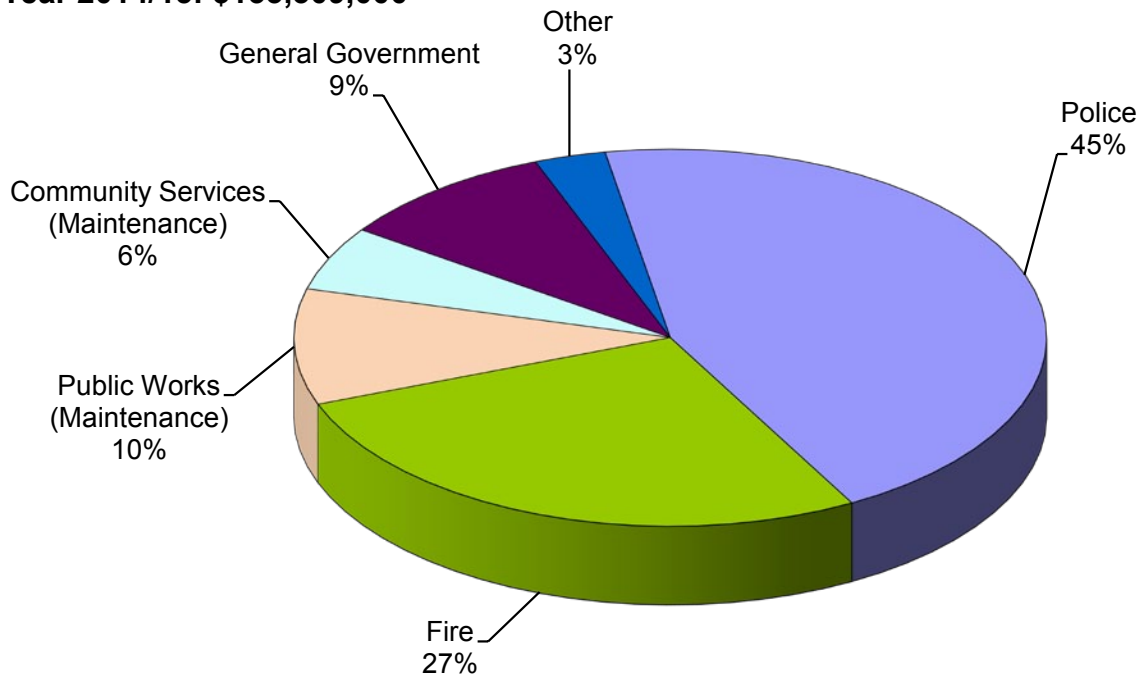
The financial forecast is located on page 75 of the budget document. Projected resources will cover projected costs in FY 2014/15 and the two forecast years. Staff will monitor budget performance closely, and will return to Council with budget modifications as warranted.

**General Fund Available Resources
Fiscal Year 2014/15: \$157,686,000**

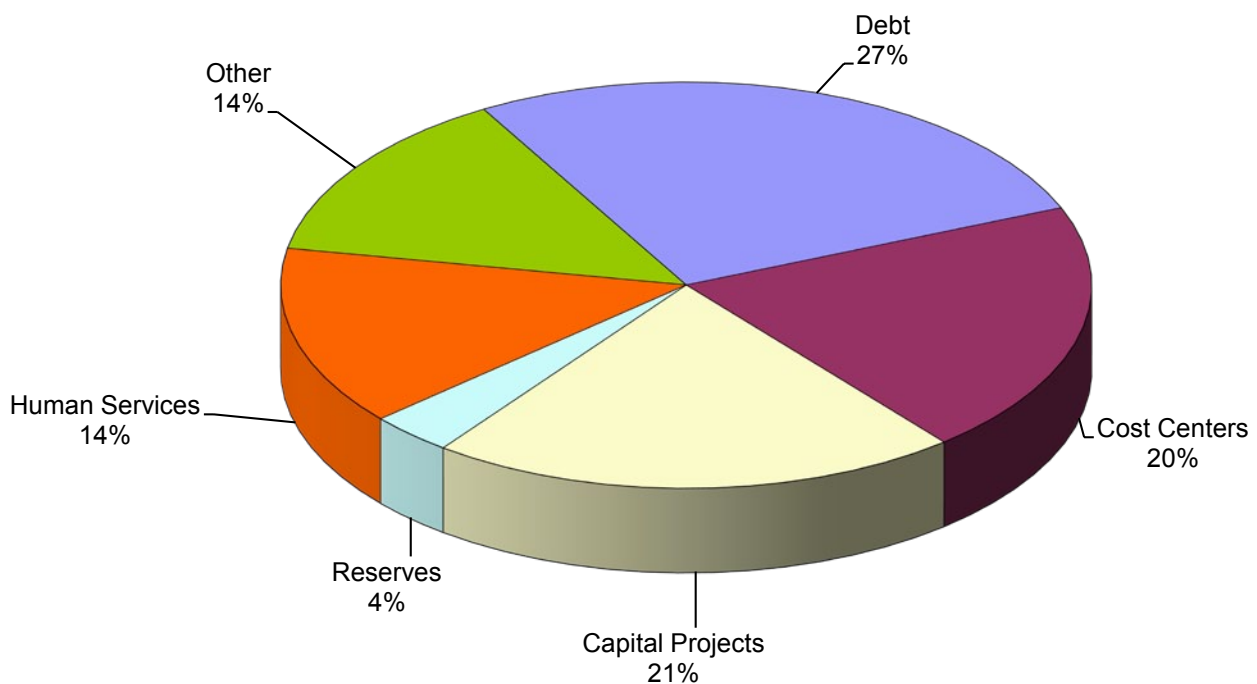


General Fund Allocation of Resources

General Fund Expenditures
Fiscal Year 2014/15: \$133,309,000



General Fund Transfers Out
Fiscal Year 2014/15: \$24,333,000



Non-Departmental Budget

General Fund appropriations not directly associated with specific departments are classified as “non-departmental.” Expenditures and certain types of anticipated general savings that are not identified with or allocated to individual departments are included in the non-departmental budget. This includes expenditures such as leave cash-out costs and administrative fees paid to the County, as well as vacancy savings. As details of some of these items become known, the actual costs and related appropriations are transferred to the appropriate department.

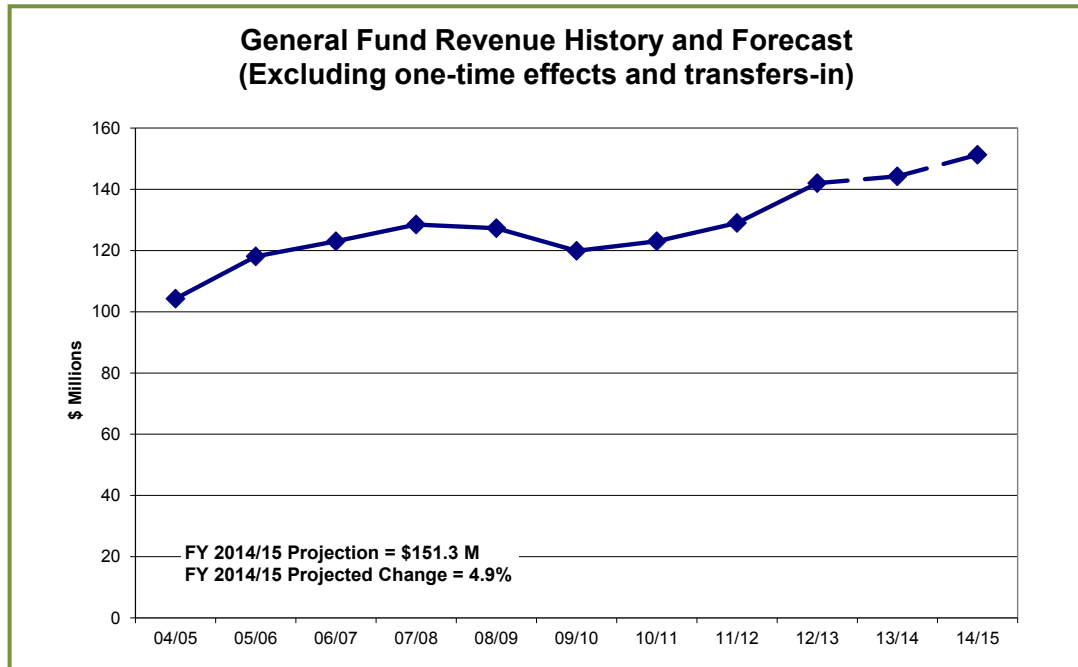
Budgeted Expenditures

• Annual Operating Contingency Account	\$ 1,000,000
• Employee Leave Cash-Out	1,000,000
• Property Tax Administration Fee and Revenue Audit Fees	500,000
• Fremont Main Library (Sunday Hours)	240,000
• Elections	100,000
• Other Non-Departmental	25,000

Non-Departmental Budget	\$ 2,865,000
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General Fund Revenues Overview

Total FY 2014/15 General Fund revenues (excluding transfers in from other funds) are projected at \$151.3 million, which is \$7.1 million, or 4.9%, more than total estimated revenues for FY 2013/14, and less than 0.5% (\$700,000) more than anticipated when the FY 2013/14 budget was adopted.



This section provides additional background and forecast information for the following five key General Fund revenue categories that together make up almost 91% of General Fund revenues:

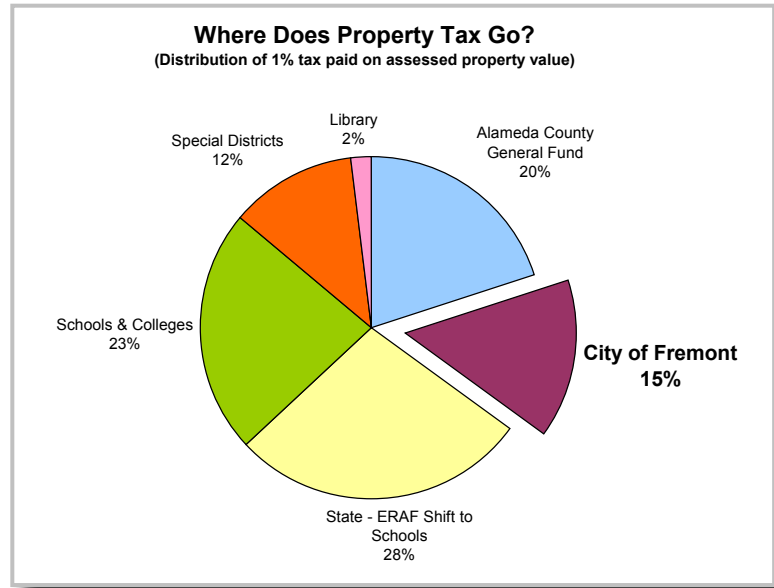
- Property Taxes
- Sales and Use Taxes
- Business Taxes
- Hotel/Motel Occupancy Taxes
- Franchise Fees

Property Taxes

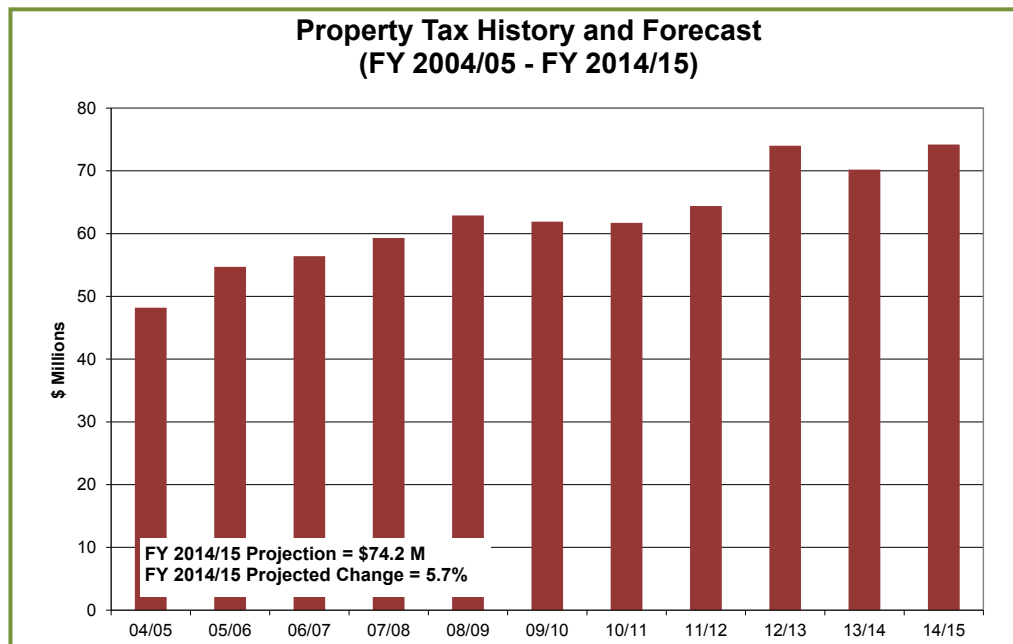
Description: Property tax is an ad valorem tax (based on value) imposed on real property (land and permanently attached improvements such as buildings) and personal (movable) property. Proposition 13, adopted by California voters on June 6, 1978, created a comprehensive system for the assessment and limitation of real property taxes. Property owners pay the tax based on their real property's adjusted assessed full value. Proposition 13 set the FY 1975/76 assessed values as the base year from which future annual inflationary assessed value increases would grow (not to exceed 2% for any given year). The County Assessor also reappraises each real property parcel when there are purchases, construction, or other statutorily defined "changes in ownership."

Proposition 13 limits the property tax rate to 1% of each property's full value plus overriding rates to pay voters' specifically approved indebtedness. Property taxes are the City's single largest revenue source; comprising approximately 49% of total FY 2014/15 projected revenues, or \$74.2 million.

The City of Fremont receives 15 cents of every dollar of property tax paid. Alameda County and the schools, including Fremont Unified School District, receive most of the revenue from property taxes assessed on property located in the City.



Forecast: Property tax revenues are estimated to total \$70.2 million in FY 2013/14. Staff projects property tax revenues for FY 2014/15 will increase to \$74.2 million. The assessed valuation for secured property is based on the value as of January 1, 2014. The change in total property tax from FY 2013/14 to FY 2014/15 is an increase of 5.7%.



Key Factors in the Forecast: The most significant property tax revenue indicator is the change in property assessed full values, and the primary influences on that change are the annual inflation adjustment provided by Proposition 13, ownership changes and new construction, and temporary "Proposition 8" adjustments by the County Assessor to provide tax relief.

General Fund | General Fund Revenues

Under Proposition 13, assessed values of all real property adjust with the California Consumer Price Index (CCPI), with a 2% limit, unless there is a change in ownership or new construction. The CCPI adjustment for the FY 2014/15 tax roll is an increase of 0.454%. Other than the -0.237% adjustment for the FY 2010/11 tax roll, this is the lowest CCPI adjustment since the passage of Proposition 13 in 1978.

Because properties are reappraised upon most ownership changes and new construction, the local real estate market's strong performance in 2013 and a resurgence of new development are serving to partially offset the low CCPI adjustment. Since property taxes for FY 2014/15 are assessed based on values as of January 1, 2014, price changes that might be caused by interest rate fluctuations and other market influences since that date will not change these values. Additionally, the County Assessor is continuing the process of restoring the temporary assessed value reductions related to declines in market value that occurred between 2008 and 2012, based on a strengthening of the overall real estate market.

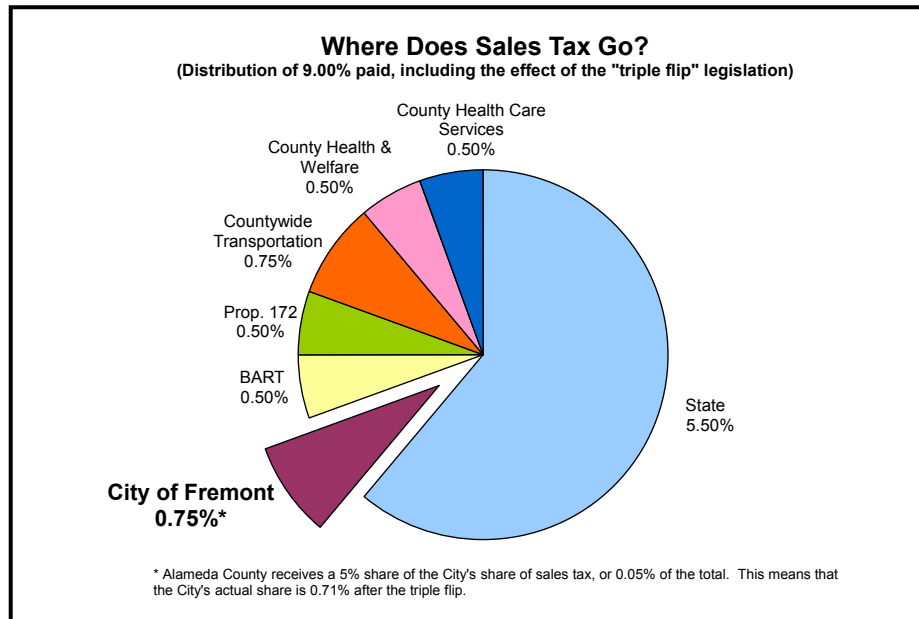
Sales and Use Taxes

Description: Sales tax is collected on the sale of taxable goods within Fremont. Use tax is the corresponding tax on transactions involving taxable goods purchased out of state for use or storage in Fremont. Sales and use taxes are collected by the State, which then pays local government its respective share. Sales and use taxes (collectively, "Sales Taxes" in the budget) are the City's second-largest revenue source and comprise about 26% of FY 2014/15 General Fund revenues.

On November 6, 2012, California voters passed Proposition 30, thereby approving a temporary 0.25% increase in the State sales tax rate (effective January 1, 2013), resulting in a sales and use tax rate in Alameda County of 9%. This temporary 0.25% increase will expire on December 31, 2016. The temporary increase does not affect the City's share of sales tax.

In March 2004, California voters passed Proposition 57, approving the sale of State Economic Recovery Bonds. The bond proceeds were used to fund the State's cash flow deficit and avert an operational financial crisis. To issue the bonds, the State needed a steady revenue source it could pledge to secure its payments – like sales taxes. To solve its problem, the State implemented the "triple flip." Under the "triple flip," the State's bonds are secured by a quarter-cent increase in the State's share of sales tax, with a corresponding decrease in local government's share of sales tax (there was no sales tax rate change). To compensate for the loss, local governments receive additional real property taxes that would otherwise go to the schools (which will then receive State General Fund payments), until the State's Economic Recovery Bonds are repaid. The additional property taxes are to replace the lost sales taxes on a dollar for dollar basis.

As shown on the next page, the City now receives 0.75% of each taxable sale, and the remaining 0.25% now comes to the City as property tax because of the "triple flip." The "triple flip" is anticipated to end in FY 2015/16, assuming that the State has collected enough revenue to repay its Economic Recovery Bonds, at which time the City will once again receive its full share of sales tax, anticipated to begin in FY 2016/17.



Forecast: FY 2013/14 sales tax revenues, including the “triple flip” replacement, are projected to be \$38.1 million. The FY 2014/15 budgeted amount is \$39.4 million, or \$1.3 million (3.5%) more than FY 2013/14. For projection purposes, sales tax revenue has three components: revenue generated by taxable sales activity occurring during the fiscal year, the property tax replacement related to the “triple flip”, and Proposition 172 sales tax revenue, which is dedicated to funding public safety activities. The following table relates the component projections to the total.

Projection Component	FY 2013/14 Estimated	FY 2014/15 Projected	Difference
"Regular" Sales Tax (0.75%)	\$27.2 million	\$28.6 million	\$1.4 million
"Triple Flip" Property Tax Replacement (0.25%)	9.5 million	9.4 million	(0.1 million)
Proposition 172 Sales Taxes	1.4 million	1.4 million	0.0 million
Total	\$38.1 million	\$39.4 million	\$1.3 million

The City receives 0.75% of the sales tax charged on taxable sales. This activity includes general retail sales to consumers, business-to-business transactions, automobile purchases, and fuel sales. The accompanying pie chart illustrates the composition of the City’s sales tax base. Based on the actual collections for the first two quarters of FY 2013/14 (the most current available data), growth in this component of sales tax revenue is estimated to be 7.5% year over year. The largest contributors to sales tax growth are coming from the auto sales and business sectors, with building and construction also performing well. The FY 2014/15 projection assumes growth to slow somewhat, to an annual rate of 5.0%.

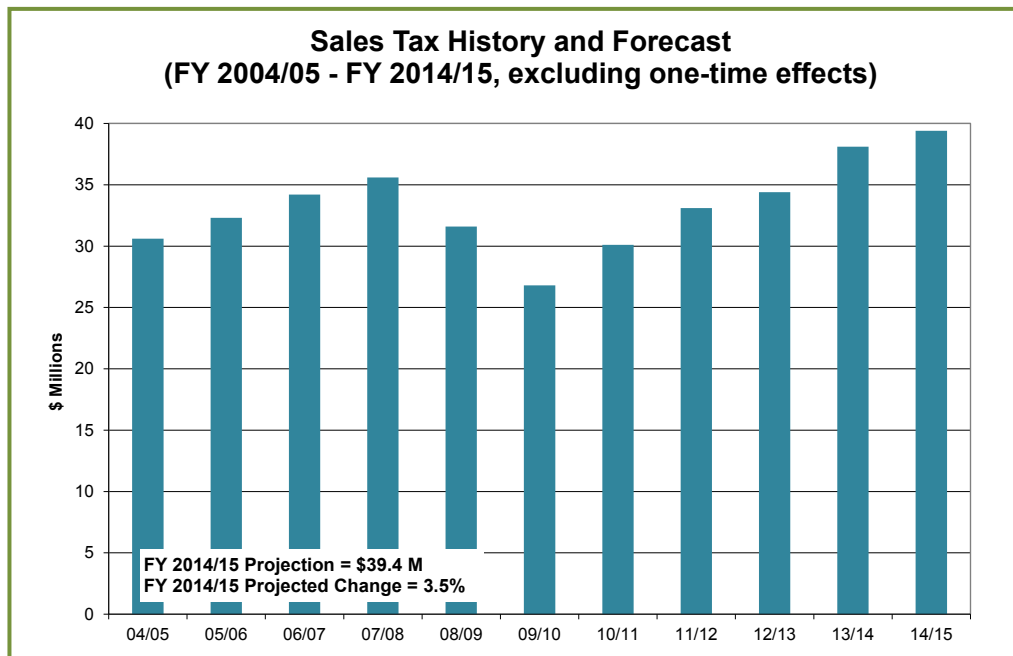
The “triple flip” property tax replacement revenue is not directly tied to current year activity. Instead, the State Board of Equalization produces an estimated value for the 0.25% “triple flip” portion and pays that amount to the City during the year. In the subsequent year, the State “trues up” the prior year payment by either adding to or deducting from the current year “triple flip” estimate.

General Fund | General Fund Revenues

Because the State under-estimated the “triple flip” component for FY 2012/13, the FY 2013/14 payment is almost \$640,000 higher than it would have otherwise been. Since the resulting FY 2013/14 sales tax total is over-stated, the FY 2014/15 growth rate is distorted downward, from 5.0% to 3.5%.

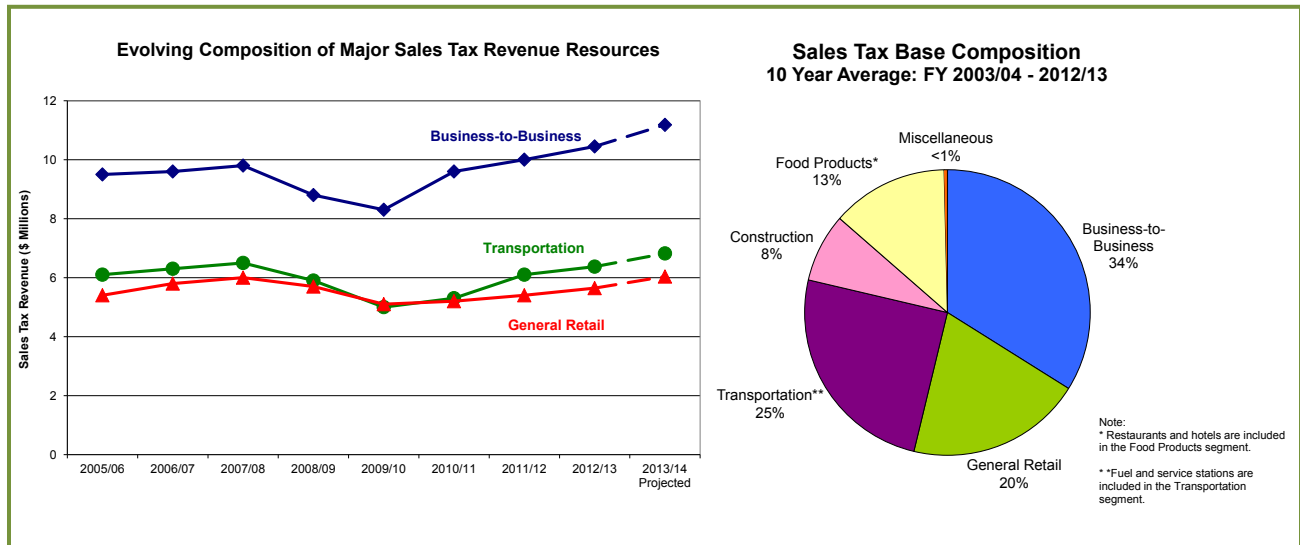
Proposition 172 sales taxes are the City’s share of the one-half cent sales tax for public safety services approved by California voters in 1993. In FY 2013/14, the City’s share is expected to be \$1.3 million. Unlike the 0.75% component of sales tax revenue, which is based on retail activity in Fremont, Proposition 172 sales tax is collected and allocated on a statewide basis, so annual changes more closely resemble the statewide retail economy. For FY 2014/15, the Proposition 172 component of the City’s sales tax revenues is projected to increase by 5.0% to \$1.4 million.

The graph below displays the sales tax forecast. In FY 2004/05, the City began to receive the “triple flip” property tax replacement payments. The darker bars on the graph represent the 0.75% component the City receives based on current year activity and the gray portion of the bars represent property tax dollars the City is receiving in lieu of sales taxes under the “triple flip.”



Key Factors in the Forecast: The City has a well-diversified sales tax base. The business-to-business segment remains the largest component the City’s sales tax revenues, but it is also one of the most volatile and difficult to project as it can be strongly influenced by large, non-recurring transactions. The transportation segment has performed strongly in recent years, due to a significant increase in automobile sales. Continued development in the City’s Auto Mall is expected to sustain a high level of activity over the next few years. The general retail segment has increased steadily, and the addition of new retail opportunities, both in established areas such as “The Block” and city-wide, ought to continue that trend. The largest of the City’s sales tax segments are highlighted in the following graph. The relatively high estimated growth rate for FY 2013/14 of 7.5% likely reflects a combination of strength in the local economy and the release of pent-up demand for consumer goods

as residents have gained confidence in their financial prospects. The FY 2014/15 growth estimate of 5.0% is predicated on a moderation of taxable consumer and business sales activity as the business cycle matures.

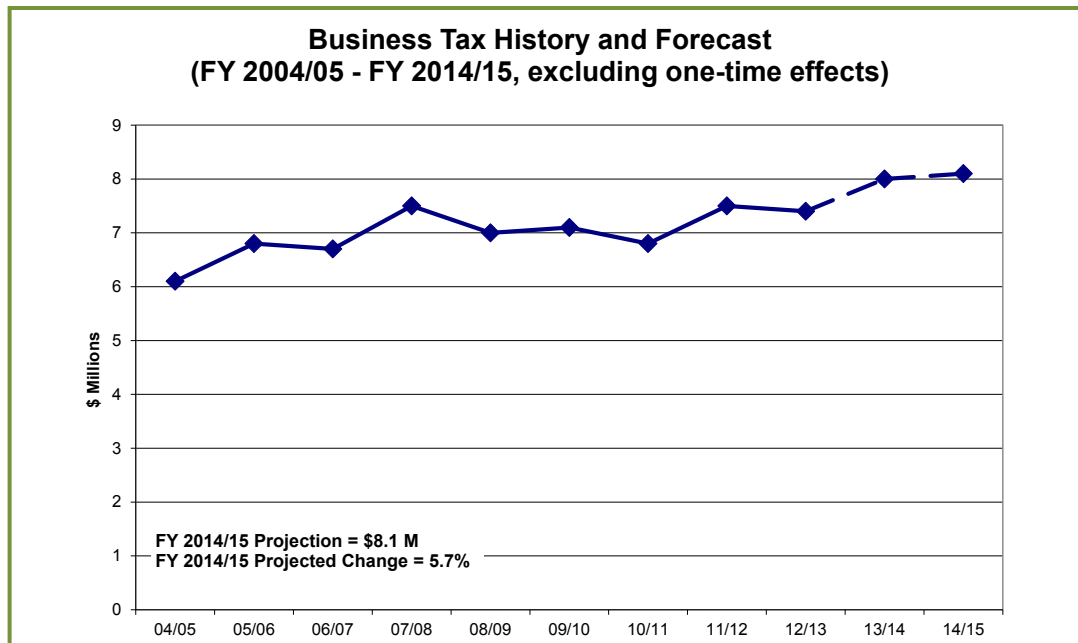


Business Taxes

Description: Business taxes are paid by individuals and entities for the privilege of conducting business in Fremont and to help pay for public services that contribute to a favorable business environment. The tax rate depends upon the type and size of the business. Some businesses pay a flat rate, but most pay based on either their gross receipts or payroll. Business tax receipts tend to fluctuate with economic cycles, though to a lesser degree than sales taxes. As part of a local business stimulus endeavor, the City Council adopted limited term exemptions for clean-tech and bio-tech companies on March 20, 2012, in order to attract and retain those businesses, promote the health of the City's industrial base, and continue the Council's commitment to long-term sustainable energy and environmental goals. The exemption provides for up to five consecutive years for new businesses moving into the City, and up to two consecutive years for businesses that are already currently established in the City.

Forecast: Business taxes are projected to yield \$8.0 million in FY 2013/14, which includes \$340,000 of one-time collections for prior-year taxes and citations. The FY 2013/14 projection (excluding the one-time revenue) is an increase of 4.1% from the prior year. The FY 2014/15 business tax estimate is \$8.1 million, an increase of 5.7% over the ongoing prior year revenue. Business tax makes up 5.4% of General Fund revenues.

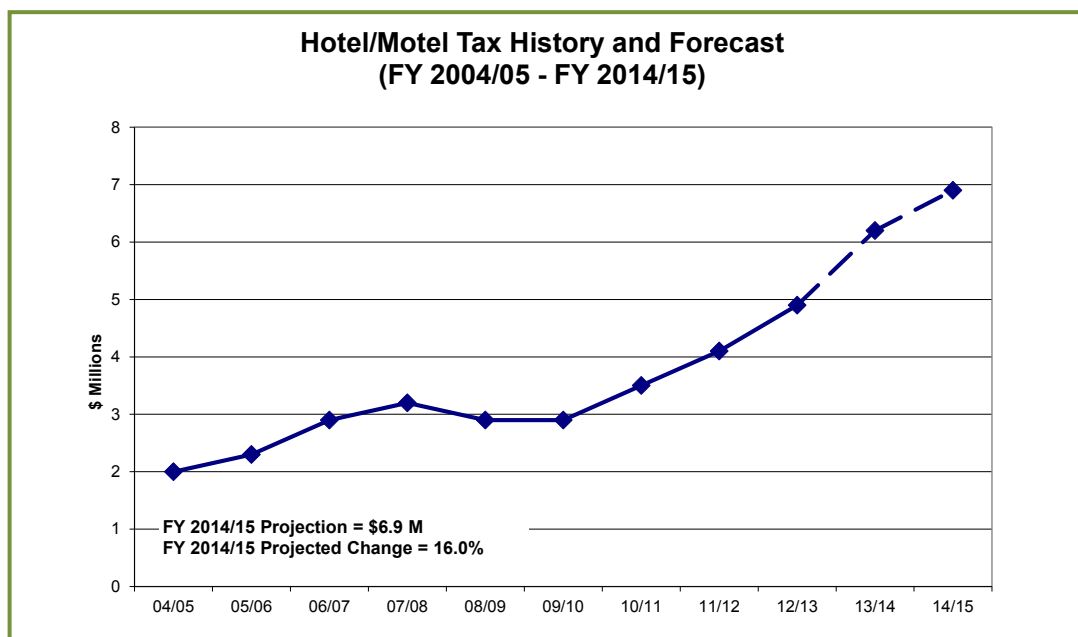
Key Factors in the Forecast: A portion of the strong recent revenue growth in this category can be attributed to improved processes and enhanced collection efforts within the Finance Department revenue division. Although the flat rate portion of this revenue modulates severe swings, business taxes tend to rise and fall in a pattern similar to that of sales taxes.



Hotel/Motel Occupancy Taxes

Description: The hotel/motel occupancy tax rate of 10% is charged on hotel and motel room occupancies of 30 days or less. It is paid by hotel and motel customers in addition to the room rate so that Fremont visitors may contribute to the cost of the public services they enjoy during their stay.

Forecast: Hotel/motel occupancy tax revenues are projected to reach \$6.2 million in FY 2013/14, which includes \$265,000 of one-time collections for prior-year taxes, penalties, and interest. The FY 2013/14 estimate (excluding the one-time revenue) represents an increase of 21.5% from the prior year. FY 2014/15 hotel/motel occupancy tax revenues are estimated at \$6.9 million, an increase of 16.0% from the ongoing FY 2013/14 level and constituting 4.4% of General Fund revenues.

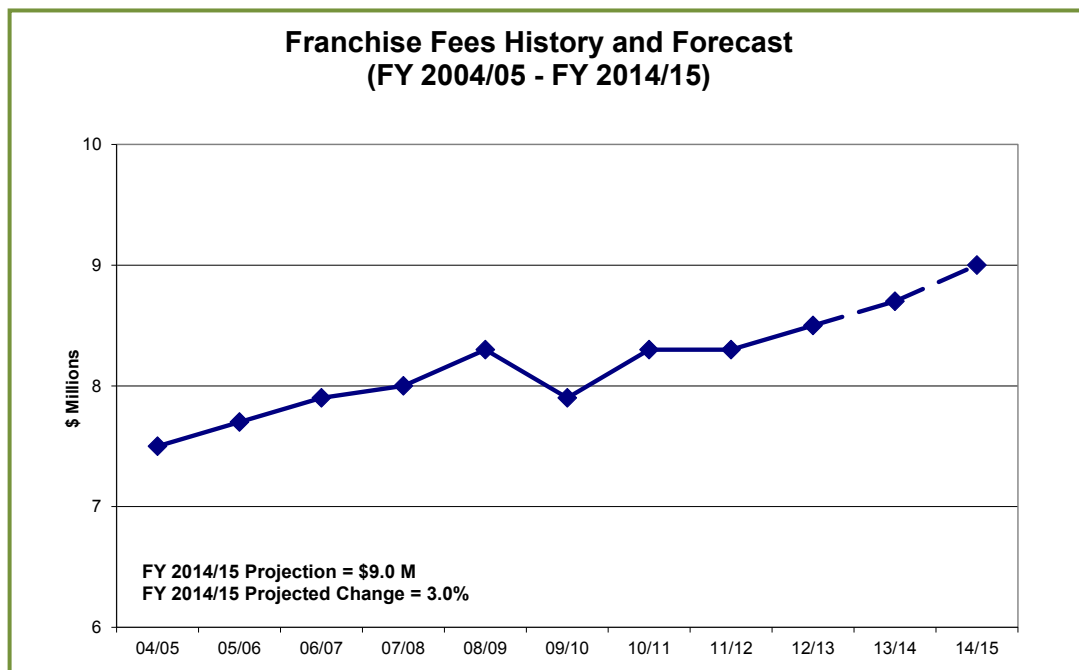


Key Factors in the Forecast: The high pace of revenue increase estimated for FY 2013/14 can be attributed to a combination of higher occupancy rates and higher room rates. As occupancy rates have now recovered significantly from the recent low point in 2009, future revenue growth will likely be based more on increases in room rates than on occupancy. The volatile economy remains the greatest risk for hotel/motel tax revenues. Continuing economic recovery will continue to provide steady growth in this revenue source.

Franchise Fees

Description: State law provides cities with the authority to grant franchises to privately-owned utility and other companies for their use of the public right-of-way. The City receives franchise fees from the electric and gas utility, the solid waste collection company, local cable companies, and certain other entities for their privilege of using the public right-of-way within the City. The dominant franchise fees are calculated as a percentage of the respective franchisee's gross revenues (subject to specified statutory adjustments) earned from services delivered or performed by the franchisee within the City.

The maximum gas and electric franchise rate is the greater of 1% on gas and electric adjusted gross revenues or 2% of the asset investment base within the City, as set by California law. PG&E pays its electric and gas utility franchise fee annually in April based on its revenues for the preceding calendar year. Gas and electric utility franchise revenues for FY 2014/15 will likely be computed as 1% of PG&E's adjusted gross revenues (the 1% of revenues method generally results in a greater fee than the 2% of invested assets method) for calendar year 2014, and will be received by the City in April 2015.



General Fund | General Fund Revenues

The solid waste collection franchise fees are negotiated between the City and the refuse collector. The cable franchise rate, formerly established by City ordinance, is now determined in accordance with AB 2987, the Digital Infrastructure Video Competition Act (DIVCA). The franchise fee rate of 5% of the cable company's "gross revenues" is unchanged, but cable providers now operate under a State franchise, rather than a local franchise. The solid waste collection franchise fee is paid monthly and the cable franchise fee is paid quarterly (both in arrears) throughout the fiscal year.

Forecast: The FY 2013/14 projection shows 3.0% increase from the prior year, with another 3.0% growth estimated for FY 2014/15. The estimated FY 2014/15 franchise fees revenue of \$9.0 million represents 5.9% of General Fund revenues.

Key Factors in the Forecast: Key factors affecting the major franchises are discussed below.

- **Electricity franchise:** PG&E franchise fee revenues change because of changes to the cost of natural gas and other resources used to generate electricity, consumer power demands (which are affected by the economy), interstate energy contract pricing, and State and federal regulatory changes. PG&E has submitted a three-year "rate case" to the California Public Utilities Commission (CPUC) that would take effect on January 1, 2015. Although the "rate case" requests a 5.6% rate increase, the forecast assumes only 2.8% as the CPUC hearing process tends to result in reductions from the requested level. Decreased demand (a factor of weather and price) or significant interstate cost decreases are factors that might negatively affect this revenue.
- **Gas franchise:** Gas franchise fee revenues comprise less than 5% of total franchise fee revenues.
- **Cable franchise:** While Comcast has raised rates, telephone (telecommunication) companies like AT&T have entered the video/television business to compete with cable providers, with the result that a portion of the City's cable franchise fee revenues now come from AT&T. AB 2987 was signed into California law and became effective January 1, 2007. This legislation transferred the essential franchising functions to the State and set a fixed franchise fee of 5%. Based on collections through April, the FY 2013/14 estimate of \$2.0 million is slightly lower than the prior year amount. With no clearly-defined upward or downward trend in recent historical collections, the FY 2014/15 projection is flat at \$2.0 million.
- **Solid waste collection franchise:** Solid waste collection ("garbage") franchise fee revenues are estimated to increase by 3.4% to \$3.9 million in FY 2013/14, and the projected increase in FY 2014/15 is 5.8%. Solid waste rate increases typically occur every other year, in even years, with the last increase occurring in January 2014. With an increased focus on recycling (which is not subject to franchise fees), new revenue growth will likely be coming primarily from fee increases and new development adding to the customer base.

General Fund Budget and Forecast Through FY 2016/17

(Thousands of Dollars)	Estimated Actual FY 13/14	Adopted FY 14/15	Projected FY 15/16	Projected FY 16/17
Revenues				
Taxes:				
Property Tax	\$ 70,190	\$ 74,167	\$ 77,179	\$ 80,323
Sales Tax	38,064	39,400	41,225	42,604
Business Tax	8,012	8,112	8,186	8,417
Hotel/Motel Tax	6,184	6,866	7,072	7,284
Property Transfer Tax	1,331	1,336	1,336	1,336
Paramedic Tax	1,165	1,165	1,165	1,165
Franchise Fees	8,723	8,987	9,028	9,028
Charges for Services	4,870	5,523	5,843	6,530
Fines	2,973	3,093	2,973	2,973
Use of Money and Property	888	915	1,135	1,531
Intergovernmental	458	444	444	444
Other Revenues	1,313	1,262	406	412
Total Revenues	144,171	151,270	155,992	162,047
Transfers In	5,999	6,416	6,003	6,003
Resources Available (Revenues plus Transfers In)	150,170	157,686	161,995	168,050
Expenditures				
General Government	12,351	12,936	12,882	13,068
Police	55,482	61,073	63,069	64,545
Fire	33,839	37,168	37,447	38,365
Community Preservation/Comm Dev Admin	1,005	1,307	1,319	1,338
Public Works	13,320	13,537	13,644	13,789
Community Services	6,756	7,523	7,427	7,502
Other Non-Departmental	2,398	2,865	2,765	2,865
Less: Citywide Savings	-	(3,100)	(2,800)	(2,800)
Total Expenditures	125,151	133,309	135,753	138,672
Transfers Out				
Debt	7,338	7,418	7,440	7,700
Less: Savings on Debt	(1,133)	(820)	(388)	-
Capital Projects	4,750	5,150	5,850	5,850
Cost Center Allocations	5,013	4,932	4,932	4,932
Human Services	3,420	3,488	3,488	3,417
Other	7,543	3,350	4,302	6,659
Reserve Adjustments	925	815	618	820
Transfers Out	27,856	24,333	26,242	29,378
Resources Used (Expenditures plus Transfers Out)	153,007	157,642	161,995	168,050
Net Results of Operations (Resources Available less Resources Used)	(2,837)	44	-	-
Beginning Fund Balance (Ending Fund Balance from the Prior Year)	3,432	595	639	639
Ending Fund Balance	\$ 595	\$ 639	\$ 639	\$ 639

General Fund | Transfer Detail

Transfers In	Estimated Actual FY 2013/14	Adopted FY 2014/15	Projected FY 2015/16	Projected FY 2016/17
Overhead Transfers In From Other Funds:				
Overhead Charges from Development (Funds 011, 012, 013)	2,102	2,202	2,247	2,247
Overhead Charges from Environmental (Fund 115,123)	264	272	277	277
Overhead Charges from Paratransit (Fund 178)	72	82	63	63
Overhead Charges from Human Services Grants	333	398	427	427
Overhead Charges from Recreation (Fund 189)	909	1,061	1,082	1,082
Overhead Charges from Human Services (Fund 053)	272	330	337	337
Overhead Charges from Information Techonology (Fund 620)	385	392	400	400
Overhead Charges from Lighting/Landscape Maint Dist (Fund 460)	-	-	-	-
Overhead Charges from Multifamily Housing (Fund 191)	-	-	-	-
Overhead Charges from Low and Moderate Housing (Fund 911)	-	-	-	-
Overhead Charges from Risk Management (Fund 609)	285	-	-	-
Other (Home Grant, Fund 711, and others)	25	69	70	70
Sub-total Transfers In from Other Funds	\$ 4,647	\$ 4,806	\$ 4,903	\$ 4,903
Miscellaneous Recurring Transfers In:				
Impact Fee Reimbursement	800	850	850	850
From Family Resource Center for Maintenance	250	250	250	250
Sub-total Misc. Recurring Transfers In	\$ 1,050	\$ 1,100	\$ 1,100	\$ 1,100
Miscellaneous Non-recurring Transfers In:				
Debt Service from Fire Impact Fee Fund	302	510	-	-
Budget Uncertainty Reserve	-	-	-	-
Sub-total Misc. Non-recurring Transfers In	\$ 302	\$ 510	\$ -	\$ -
TOTAL OPERATING TRANSFERS IN	\$ 5,999	\$ 6,416	\$ 6,003	\$ 6,003

Transfers Out	Estimated Actual FY 2013/14	Adopted FY 2014/15	Projected FY 2015/16	Projected FY 2016/17
Transfers to the CIP:				
Contribution to Street Maintenance	2,500	2,900	3,600	3,600
Contribution to Other CIP Projects	1,000	1,000	1,000	1,000
Downtown Plan and Warm Springs	1,250	1,250	1,250	1,250
Sub-total - Transfers to the CIP	\$ 4,750	\$ 5,150	\$ 5,850	\$ 5,850
Transfers for Debt Service:				
2008 Fixed-Rate COPs	1,791	1,788	1,786	1,786
2008 Variable-Rate COPs	2,011	1,760	1,786	1,929
2010 Variable-Rate COPs	358	712	715	760
2012A Fixed-Rate COPs	1,171	1,177	1,172	1,172
2012B Variable-Rate COPs	2,007	1,981	1,981	2,053
Sub-total - Debt Service	\$ 7,338	\$ 7,418	\$ 7,440	\$ 7,700
Cost Center Allocations:				
Community Development Cost Center	2,449	2,316	2,316	2,316
Recreation Cost Center	2,138	2,181	2,181	2,181
Senior Center Cost Center	426	435	435	435
Sub-total - Cost Center Allocations	\$ 5,013	\$ 4,932	\$ 4,932	\$ 4,932
Other Transfers from the GF:				
Affordable Housing	1,000	1,100	1,300	1,400
Strategic Investment Opportunity Fund	2,500	-	752	3,009
Human Services Special Revenue Fund	3,420	3,488	3,488	3,417
Other Post-Employment Benefits (OPEB)	1,100	2,200	2,200	2,200
Southern Alameda County Major Crimes Task Force (SACMCTF)	43	50	50	50
Information Technology (Consolidated Dispatch Project)	1,600	-	-	-
Risk Management (Workers Compensation Reserve)	1,000	-	-	-
Community Cameras Project	300	-	-	-
Sub-total - Other transfers	\$ 10,963	\$ 6,838	\$ 7,790	\$ 10,076
Transfers from the GF to Reserves:				
Contingency Reserve	680	443	412	546
Program Investment Reserve	170	186	103	137
Economic Volatility Reserve	75	186	103	137
Sub-total - Transfers to Reserves	\$ 925	\$ 815	\$ 618	\$ 820
TOTAL OPERATING TRANSFERS OUT	\$ 28,989	\$ 25,153	\$ 26,630	\$ 29,378

General Fund | Historical Comparison

General Fund Historical and Adopted Budget FY 2014/15

(Thousands of Dollars)	Actual FY 09/10	Actual FY 10/11	Actual FY 11/12	Actual FY 12/13	Estimated Actual FY 13/14	Adopted FY 14/15
Revenues						
Taxes:						
Property Tax	\$ 61,941	\$ 61,739	\$ 64,432	\$ 74,048	\$ 70,190	\$ 74,167
Sales Tax	26,770	30,089	33,066	34,404	38,064	39,400
Business Tax	7,106	6,820	7,496	7,368	8,012	8,112
Hotel/Motel Tax	2,867	3,476	4,133	4,872	6,184	6,866
Property Transfer Tax	976	1,031	861	1,202	1,331	1,336
Paramedic Tax	1,146	1,159	1,156	1,157	1,165	1,165
Franchise Fees	7,929	8,261	8,255	8,471	8,723	8,987
Charges for Services	5,334	4,988	5,003	4,792	4,870	5,523
Fines	2,734	2,590	2,354	2,730	2,973	3,093
Use of Money and Property	1,993	1,197	1,041	1,077	888	915
Intergovernmental	803	1,143	468	331	458	444
Other Revenues	279	464	761	1,568	1,313	1,262
Total Revenues	119,879	122,957	129,025	142,020	144,171	151,270
Transfers In	4,985	5,885	5,239	4,945	5,999	6,416
Resources Available: (Revenues plus Transfers In)	124,864	128,842	134,264	146,965	150,170	157,686
Expenditures						
General Government	10,502	10,149	10,212	11,434	12,351	12,936
Police	52,872	52,953	52,725	52,203	55,482	61,073
Fire	31,019	31,520	32,373	31,814	33,839	37,168
Community Preservation/Comm Dev Admin	734	663	699	755	1,005	1,307
Human Services	3,415	-	-	-	-	-
Public Works	13,857	14,354	12,890	12,201	13,320	13,537
Community Services	4,621	4,746	6,438	6,563	6,756	7,523
Other Non-Departmental	1,603	2,968	1,809	2,004	2,398	2,865
Less: Citywide savings	-	-	-	-	-	(3,100)
TRANS (Debt) Costs	475	-	-	-	-	-
Total Expenditures	119,098	117,353	117,146	116,974	125,151	133,309
Transfers Out	10,981	14,685	14,169	28,969	27,856	24,333
Resources Used (Expenditures plus Transfers Out)	130,079	132,038	131,315	145,943	153,007	157,642
Net Results of Operations (Resources Available less Resources Used)	(5,215)	(3,196)	2,949	1,022	(2,837)	44
Change in Encumbrance Reserve	(299)	(222)	(438)	(101)	-	-
Use of Budget Uncertainty Reserve	5,514	3,418	-	-	-	-
Beginning Fund Balance (Ending Fund Balance from the Prior Year)	-	-	-	2,511	3,432	595
Ending Fund Balance	\$ -	\$ -	\$ 2,511	\$ 3,432	\$ 595	\$ 639

Other Funds

Other Funds

For budget purposes, the City's funds are grouped into four categories:

- General Fund
- Cost Center/Internal Service
- Special Revenue
- Capital

The first three categories constitute the City's primary operating funds, and the last one is a special class of fund used for capital investments. Funding for most City operations comes from the first three categories. The following section provides an overview of the City's Cost Centers, Internal Service funds, Special Revenue funds, and Capital funds. Detailed information about the General Fund is available in the General Fund section of this document.



Other Funds

Summary of All Other Funds

(Thousands of Dollars)	Cost Center/ Internal Service Funds	Special Revenue Funds	Capital Funds	Total All Other Funds
Revenues				
Taxes:				
Property Tax	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	1,199	-	1,199
Business Tax	-	-	-	-
Hotel/Motel Tax	-	-	-	-
Property Transfer Tax	-	-	-	-
Paramedic Tax	-	-	-	-
Franchise Fees	-	-	-	-
Charges for Services	24,688	9,135	-	33,823
Fines	-	-	-	-
Use of Money and Property	1,289	157	652	2,098
Intergovernmental	-	6,558	9,578	16,136
Other Revenues	1,174	1,986	4,510	7,670
Total Revenues	27,151	19,035	14,740	60,926
Transfers In	7,132	4,638	11,748	23,518
Resources Available (Revenues plus Transfers In)	34,283	23,673	26,488	84,444
Expenditures				
General Government	-	-	-	-
Police	-	751	-	751
Fire	-	184	-	184
Public Works:				
Engineering	9,238	-	-	9,238
Maintenance	-	-	1,200	1,200
Community Development:				
Planning	3,369	-	-	3,369
Building and Safety	5,496	-	-	5,496
Community Preservation	-	90	-	90
Housing	-	738	-	738
Human Services	731	12,282	-	13,013
Community Services:				
Recreation	8,035	25	-	8,060
Maintenance	-	-	-	-
Landscape	1,232	-	-	1,232
Environmental Services	-	7,259	-	7,259
Non-departmental	1,120	-	16,246	17,366
Debt Costs	-	618	6,598	7,216
Total Expenditures	29,221	21,947	24,044	75,212
Total Transfers Out	3,655	1,390	1,371	6,416
Resources Used (Expenditures plus Transfers Out)	32,876	23,337	25,415	81,628
Net Results of Operations (Resources Available less Resources Used)	1,407	336	1,073	2,816
Beginning Fund Balance - 6/30/2014 (est.)	16,524	21,320	7,937	45,781
Fund Balance - 6/30/2015 (est.)	\$ 17,931	\$ 21,656	\$ 9,010	\$ 48,597

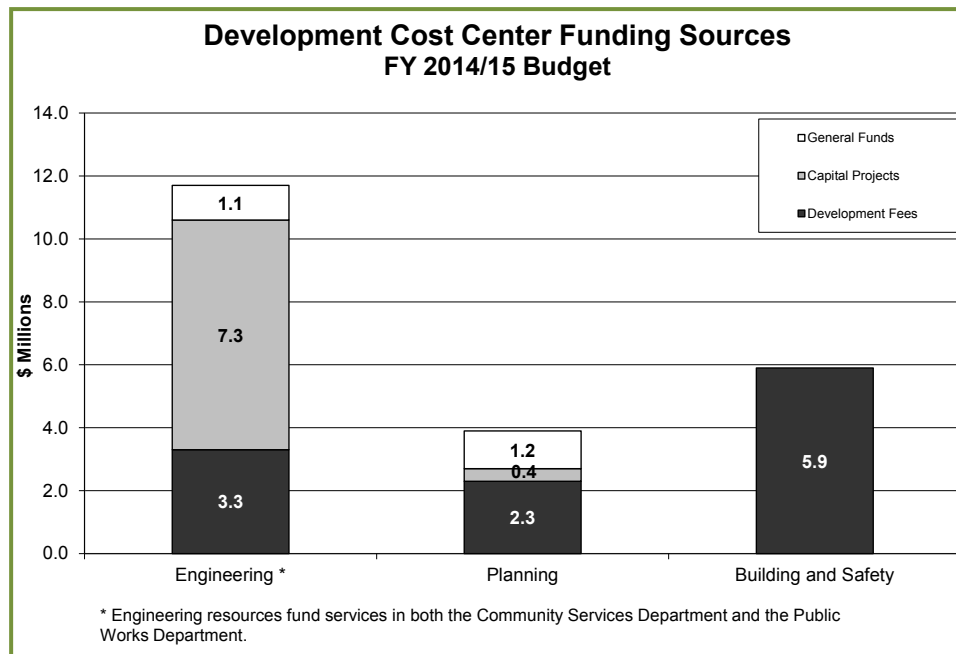
Cost Centers & Internal Service Funds

The City uses cost centers to account for City activities that are predominantly fee-based. These funds receive revenues from external users in the form of fees for services and transfers from other funds for work on City projects. The cost centers are intended to maintain their fund balances from year to year to provide flexibility to respond to revenue decreases or unexpected costs. The City uses internal service funds to account for certain information technology and risk management services, and retiree medical reimbursement provided to the City's operating departments on a full-cost recovery basis.

Development Cost Center

The Development Cost Center budget relies on a combination of development fees, charges to City capital projects, and charges to the General Fund (made in the form of a transfer) for work benefiting the community in general. Each functional area relies on a different mixture of these revenue inflows, so each has fared differently under the recent economic conditions.

During the mid-1990s, development activity in Fremont was thriving. As a hedge against the cyclical nature of the economy, the Development Cost Center accumulated a fund balance intended to pay for technology and capital needs, and to preserve staffing continuity through downturns. Maintaining a base level of staff enables the City to respond effectively when development activity returns. At the end of FY 2013/14, the fund balance is projected to be \$2.9 million, which brings the Development Cost Center reserve balance to 14.8% of budgeted expenditures, as compared to the current Council adopted reserve policy level of 15.0%. It is recommended that the policy reserve level be reduced to 8%, which should continue to provide a sufficient reserve balance in the Cost Center to deal with economic volatility, and would allow the Technology and System Improvement Reserve to have funds available to replace the permit system that has been in place in the Development Cost Center for 14 years. Staff would recommend transferring and appropriating \$1 million to allow for a replacement of the Permitting software system.



Other Funds | Cost Centers & Internal Service Funds

The Planning, Engineering, and Landscape Architecture Divisions all receive General Fund support for work program services that benefit the community in general. In FY 2014/15, the General Fund will transfer \$2.3 million to the Cost Center, to be spread across Planning, Engineering, and Landscape Architecture for their work programs. In conjunction with a shift in funding for the Community Development Department, this represents an increase of 2.0% (\$49,000). The work funded by the General Fund allocation generally includes updating and maintaining the City's General Plan and Zoning Ordinance, implementing the Climate Action Plan, responding to traffic service requests, managing the City's real property, providing general customer service not associated with a particular project, and responding to City Council referrals.

Recreation Cost Center

The Recreation Cost Center provides services to the public using both user fees and General Fund contributions. Using an enterprise business model in which programs are funded only if they are able to pay for themselves through fees, the Recreation Division successfully delivers programs and activities each year to citizens of all ages.

In FY 2014/15, the Recreation Cost Center expects to receive 77% of its \$9.5 million in total available resources from program and user fees, with only 23% (\$2.2 million) coming from General Fund support. This transfer is 2.0% (\$42,000) higher than the FY 2013/14 transfer. General Fund support enables the Recreation Cost Center to provide low to no-cost services such as Central Park operations, some teen services, the Olive Hyde Art Gallery, and community center operations.

Careful management of the enterprise model for delivering recreation services since the early 1990s has enabled the cost center to accumulate a fund balance, projected to be at \$6.1 million at the end of FY 2013/14. Expanded programming, strong customer service, increased participation due to marketing efforts, interest on the fund balance, and cost savings strategies have been the primary contributors to the growth of the fund balance. Most of the fund balance serves as an Economic Contingency Reserve to buffer operations from a fluctuating economy, program revenue shortfalls and unforeseen major interruption of services. In FY 2012/13, the Economic Contingency Reserve was reduced from 25% to 15% of expenditures. This aligned the Recreation Cost Center reserve level with that of the Development Cost Center. The Recreation Cost Center fund balance is anticipated to be \$6.5 million by the end of FY 2014/15, and the level of the Economic Contingency Reserve will be in compliance with the Council adopted policy level of 15%. The remainder of the fund balance is in the Operating Improvement Reserve, which serves as a funding source to launch new revenue generating programs.

Senior Services Cost Center

This cost center accounts for revenues and expenditures for programs administered by the Aging and Family Services (AFS) Division of the Human Services Department for the Senior Center and for senior programs serving frail elders. Cost center resources are comprised of fees for service, restricted grants, private donations, and transfers in from the General Fund.

Unlike other cost centers, the Senior Center Cost Center relies on General Fund support for the majority of its funding. In FY 2014/15, the amount of General Fund support for the Cost Center will be \$435,000, or 2% more than the FY 2013/14 amount.

Staff has responded to funding challenges over the last several years with a combination of fee increases, service reductions, fundraising, and use of reserves. Since FY 2005/06, staff has fundraised an average of \$44,000 a year in community donations for the Senior Center. Staff will continue to analyze Senior Center operations for opportunities to increase ongoing non-General Fund revenues and reduce operating costs to minimize long-term sustainability risks.

Risk Management Internal Service Fund

This fund accounts for the City's retained self-insured risks of loss from vehicle and property damage, earthquakes and floods, workers' compensation claims, general liability claims, and unemployment claims. Administrative costs, including insurance coverage through the City's membership in the California Joint Powers Risk Management Authority, are also accounted for in this fund. Resources for this fund are provided through allocation "charges" to the departments and special revenue fund operations that receive these services. Total costs allocated to departments will be \$6.8 million in FY 2014/15, which represents an increase of \$800,000 compared to FY 2013/14. In addition, a transfer of \$1 million from the General Fund to the Risk Management Fund is proposed as an FY 2013/14 action to ensure sufficient fund balance is available to address any necessary year-end adjustments to the workers' compensation or general liability reserves. The charges to departments will increase for FY 2014/15, leaving a remaining fund balance of \$100,000 at the end of FY 2014/15.

Information Technology Services Internal Service Fund

This fund accounts for the City's information systems support and technology services. It funds Information Technology Services operations and equipment replacement. Resources for this fund are provided through allocation "charges" to the departments and special revenue fund operations that receive these services. Total allocation charges to departments are \$6.5 million in FY 2014/15 for IT Services operations and various capital replacement purchases and software upgrades. The expenditure budget for this fund is increasing by \$312,738, or 5%, from the adopted FY 2013/14 budget. This increase is primarily due to the annual adjustments for costs of software maintenance on major enterprise systems and new costs for the anticipated Fremont-Union City Police Departments dispatch consolidation in FY 2014/15.

Other Post-Employment Benefits (OPEB) Internal Service Fund

This fund was created in FY 2007/08 to account for the costs of the City's retiree medical benefits. Governmental Accounting Standards Board (GASB) Statement 45 requires that other post-employment benefits (OPEB), such as retiree medical costs, be accounted for in a manner similar to retirement benefits. The City, like most cities in the country, has historically accounted for this cost on a pay-as-you-go basis within all of its various funds. The actuarial valuation performed as part of the City's efforts to manage these costs quantified the unfunded liability at \$79.3 million as of June 30, 2012. This fund accounts for the pay-as-you-go costs of the City's retiree medical benefits. A plan for prefunding had been initiated in the FY 2013/14 budget with an additional \$1.1 million set aside for OPEB. The City will continue to fund the calculated pay-as-you-go costs and continue to ramp up towards full prefunding of the annual OPEB costs. An additional \$2.2 million will be set aside in FY 2014/15 for OPEB. The City is also evaluating other mitigating options such as setting up a health care trust, in order to take advantage of further cost savings.

Other Funds | Cost Centers & Internal Service Funds

Cost Centers/Internal Service Funds

(Thousands of Dollars)	Development	Recreation	Internal Service			Internal	Total
	Cost Center	Cost Center	Senior Center	Risk Management	Information Technology	OPEB	Service Reclass*
Revenues							
Taxes:							
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-
Business Tax	-	-	-	-	-	-	-
Hotel/Motel Tax	-	-	-	-	-	-	-
Property Transfer Tax	-	-	-	-	-	-	-
Paramedic Tax	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-
Charges for Services	18,269	6,247	172	6,800	6,462	2,943	(16,205)
Fines	-	-	-	-	-	-	-
Use of Money and Property	52	918	-	250	65	4	-
Intergovernmental	-	-	-	-	-	-	-
Other Revenues	900	109	110	40	15	-	-
Total Revenues	19,221	7,274	282	7,090	6,542	2,947	(16,205)
Transfers In	2,316	2,181	435	-	-	2,200	-
Resources Available (Revenues plus Transfers In)	21,537	9,455	717	7,090	6,542	5,147	(16,205)
Expenditures							
General Government	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Public Works:							
Engineering	9,238	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	-
Community Development:							
Planning	3,369	-	-	-	-	-	-
Building and Safety	5,496	-	-	-	-	-	-
Community Preservation	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-
Human Services	-	-	731	-	-	-	-
Community Services:							
Recreation	-	8,035	-	-	-	-	-
Maintenance	-	-	-	-	-	-	-
Landscape	1,232	-	-	-	-	-	-
Environmental Services	-	-	-	-	-	-	-
Non-departmental	-	-	-	7,855	6,527	2,943	(16,205)
Less: Citywide Savings	-	-	-	-	-	-	-
Debt Costs	-	-	-	-	-	-	-
Total Expenditures	19,335	8,035	731	7,855	6,527	2,943	(16,205)
Total Transfers Out	2,202	1,061	-	-	392	-	-
Resources Used (Expenditures plus Transfers Out)	21,537	9,096	731	7,855	6,919	2,943	(16,205)
Net Results of Operations (Resources Available less Resources Used)	-	359	(14)	(765)	(377)	2,204	-
Beginning Fund Balance - 6/30/2014 (est.)	2,866	6,139	248	865	6,250	156	n/a
Fund Balance - 6/30/2015 (est.)	\$ 2,866	\$ 6,498	\$ 234	\$ 100	\$ 5,873	\$ 2,360	n/a

* NOTE: The "Charges for Services" and "Non Departmental Expenditures" in the Risk Management, Information Technology, and OPEB Funds have been reclassified and are not part of the Cost Center/Internal Service Funds total because these amounts are included in other departments' budgets. The recreation rental revenue is shown in "Use of Money and Property" for facility rentals.

Other Funds | Cost Centers & Internal Service Funds

Cost Centers/Internal Service

(Thousands of Dollars)	Budget FY 2012/13	Budget FY 2013/14	Adopted Budget FY 2014/15
Revenues			
Taxes:			
Property Tax	-	-	-
Sales Tax	-	-	-
Business Tax	-	-	-
Hotel/Motel Tax	-	-	-
Property Transfer Tax	-	-	-
Paramedic Tax	-	-	-
Franchise Fees	-	-	-
Charges for Services	22,719	22,845	24,688
Fines	-	-	-
Use of Money and Property	410	381	1,289
Intergovernmental	-	-	-
Other Revenues	854	843	1,174
Total Revenues	23,983	24,069	27,151
Transfers In	4,794	6,113	7,132
Resources Available (Revenues plus Transfers In)	28,777	30,182	34,283
Expenditures			
General Government	-	-	-
Police	-	-	-
Fire	-	-	-
Public Works:			
Engineering	5,897	8,222	9,238
Traffic Engineering	1,948	-	-
Maintenance	-	-	-
Community Development:			
Planning	4,020	3,413	3,369
Building and Safety	4,972	4,647	5,496
Community Preservation	-	-	-
Housing	-	-	-
Human Services	674	705	731
Community Services:			
Recreation	7,141	7,484	8,035
Maintenance	-	-	-
Landscape	909	948	1,232
Environmental Services	-	-	-
Non-departmental	1,023	1,217	1,120
Less: Citywide Savings	-	-	-
Debt Costs	-	-	-
Total Expenditures	26,584	26,636	29,221
Total Transfers Out	4,742	3,690	3,655
Resources Used (Expenditures plus Transfers Out)	31,326	30,326	32,876
Net Results of Operations (Resources Available less Resources Used)	(2,549)	(144)	1,407
Beginning Fund Balance (Ending Fund Balance from the Prior Year)	\$ 14,590	\$ 16,036	\$ 16,524
Ending Fund Balance	\$ 12,041	\$ 15,892	\$ 17,931

Special Revenue Funds

Special revenue funds account for activities (other than major capital projects) funded by special-purpose revenues. Such revenues are typically legally restricted for specific purposes and may not be spent as part of the General Fund for general public safety or maintenance activities. Most of the federal, State, and County grants the City receives are accounted for in special revenue funds. Such grant revenues typically must be spent and accounted for according to the specific grant requirements.

Human Services

The Human Services Department relies on General Fund support, grants, charges for service, and rents from the Family Resource Center (FRC) to provide a wide range of services to families and seniors. The non-General Fund sources featured in this special revenues subsection comprise 73% of the department's total funding sources in FY 2014/15. The table on page 91 shows the special revenue funding sources for Human Services. For information on the total Human Services budget, including the use of General Fund resources, please see the Department Budgets section of this document.

Beginning in FY 2010/11, the General Fund portion of the Human Services budget was transitioned to a new fund, and receives an allocation that represents the General Fund's support for funding Human Services programs. In FY 2014/15, the General Fund will transfer \$3.5 million to the Human Services Special Revenue Fund, which represents 23% of the Department's total operating budget.

Grants and Other Special Purpose Funding

The City receives grants and special purpose funding for Human Services activities from a number of different sources:

1. **Alameda County:** Probation Department funds for Youth and Family Counseling; to divert at-risk youth from the criminal justice system.
2. **Alameda County:** Department of Behavioral Health Care Services funds to support a multi-disciplinary team approach to family support at the Fremont Family Resource Center; and alcohol or drug (AOD) intervention services.
3. **Alameda County and Union City:** Funds to provide services to elders in Fremont and the Tri-City area.
4. **Eden Housing:** Funding to provide onsite senior support services to residents at Cottonwood, Redwood, and Sequoia Senior Housing complexes.
5. **Mobile Mental Health Grant:** Funding from Proposition 63 for mental health services to home-bound clients in order to improve their ability to live safely in the community.
6. **Proposition 10 (tobacco taxes):** Funds allocated by the First 5 Alameda County to support early childhood programs in Youth and Family Services.

Other Funds | Special Revenue Funds

7. **State Department on Aging:** Funds for the Multipurpose Senior Services Program (funded by the State using State and federal dollars) to provide services aimed at assisting frail elders to remain in their homes.
8. **State Medi-Cal Reimbursement:** Funds received through reimbursement for counseling and support services provided to youth, seniors, and administrative services.

Paratransit

This fund accounts for the monies used to fund the City's paratransit program. Under Measure B, the City receives the proceeds of an additional half-cent sales tax for use on transportation-related activities such as the paratransit program. Funding for paratransit services is projected to increase by 19% in FY 2014/15, from \$1.2 million to \$1.4 million, because the City of Newark has contracted with the City to provide paratransit services to Newark residents.

Family Resource Center Fund

This fund accounts for the revenues and costs associated with the Fremont Family Resource Center (FRC). Rental payments by the various tenants of the FRC fund the salaries and benefits of the FRC staff and operating and capital expenditures at the facility. This fund also includes grants from private foundations to support programs at the FRC. FRC funding is expected to decrease by \$86,000 in FY 2014/15.

CDBG

This fund accounts for the City's allocation of federal Community Development Block Grant (CDBG) funds received from the U.S. Department of Housing and Urban Development (HUD) for the purpose of developing viable urban communities. Through the CDBG program, the City receives an annual entitlement grant to address certain housing and community development needs. Federal regulations require that at least 70% of the City's CDBG grant directly benefit low and moderate-income households, with each community tailoring its program to address specific local needs.

CDBG entitlement funds are received on a project cost-reimbursement basis. The FY 2014/15 budget of \$1,849,000 is \$44,000 higher than the FY 2013/14 budget of \$1,805,000.

HOME

This fund is administered by the Human Services Department and accounts for monies received under the HOME Investment Partnership (HOME) Act. HOME funds can be used to acquire, rehabilitate, finance, and construct affordable housing. The FY 2014/15 budget is \$277,661, representing an increase of 14.5% from FY 2013/14.

Affordable Housing Ordinance

This fund accounts for all payments by residential developers who choose to fulfill their obligations under the City's Affordable Housing Ordinance by paying a fee. Pursuant to the Ordinance, 85% of funds deposited are to be used for development of new affordable housing; 10% for supportive services; and 5% for administrative costs. In FY 2014/15, \$250,000 in revenues is anticipated to be received, to be used to develop affordable housing in the future.

Low and Moderate Income Housing Asset Fund (Formerly Housing Successor Agency)

This fund accounts for all affordable housing revenues and expenditures except those fees related to the Affordable Housing Ordinance, including all housing assets and is responsible for all housing-related obligations of the former RDA. Expenditures in FY 2013/14 include operational costs related to the management and oversight of the City's affordable housing assets and programs; and \$1.4 million to fully fund the Laguna Commons affordable housing project that was approved by Council and partially funded in FY 2012/13. The total expenditures budgeted for FY 2014/15 are \$492,690.

Multi-Family Housing

This fund accounts for tax-exempt multi-family housing bond monitoring fees paid to the City. The bonds were paid off during FY 2011/12; therefore, the City will not receive any new revenue for FY 2014/15.

Public Safety Grants

The City receives grants for public safety activities from a variety of sources, including the following:

- 1. AB3229 - Community Oriented Policing Services (COPS) Front Line Enforcement:** This fund accounts for monies from the State which are distributed by the County to be spent on front line law enforcement activities.
- 2. Abandoned Vehicle Abatement:** This fund accounts for monies received by the City under California Vehicle Code (CVC) sections 9250.7 and 22710 and used for the abatement, removal, and disposal as public nuisances of any abandoned, wrecked, dismantled, or inoperative vehicles from private or public property.
- 3. Southern Alameda County Major Crimes Task Force (SACMCTF):** This fund accounts for the proceeds from assets forfeited as the result of drug and gang activities and contributions from the cities of Fremont, Newark, and Union City. The City of Fremont's contribution of \$50,000 comes from the General Fund and is displayed as a "Transfer Out" on page 77.

Other Funds | Special Revenue Funds

4. **Metropolitan Medical Response System (MMRS):** This fund accounts for federal grants to fund the purchase of anti-terrorism equipment, medications, and training and exercise for terrorism response. The grant is anticipated to be complete by the end of FY 2013/14. There is a residual grant amount for FY 2014/15 of \$30,000.
5. **State Office of Traffic Safety Grant:** This fund accounts for monies received from the State to provide funding for innovative traffic enforcement programs and public relations for a countywide campaign against drinking drivers.

Grant revenues related to public safety services are projected to decrease by 5% from the level budgeted in FY 2013/14 due to decreased funding for the Metropolitan Medical Response System. For other grant funding sources, there are carry-over grant monies unspent from prior years that will be used in FY 2014/15.

Environmental Services

The City receives special purpose funding for Environmental Services activities from a number of different sources, including the following:

1. **Integrated Waste Management:** This fund accounts for monies received by the City from solid waste collection rates and used to comply with the provisions of AB 939 for the purpose of carrying out recycling, household hazardous waste, and solid waste management programs. The current fund balance serves two purposes: (1) to support rate stabilization, and (2) to cover transition costs associated with landfill closure.
2. **Urban Runoff Clean Water Program:** This fund accounts for monies received to comply with the federal Clean Water Act of 1987, which requires that stormwater discharges from municipal storm drain systems be regulated under a nationwide surface water permit program. In order to obtain a permit, the City must implement programs to evaluate sources of pollutants in urban storm drain runoff, estimate pollutant loads, evaluate control measures, and implement a program of pollution controls.
3. **Measure D:** This fund accounts for monies received by the City from the Measure D surcharge imposed on unincorporated Alameda County landfills. These funds are restricted to expenditures incurred for waste diversion and recycling activities that are designed to reduce the amount of waste transferred to the landfill.

Expenditures are budgeted to decrease by 3.9%, from \$8.0 million in FY 2013/14 to \$7.6 million in FY 2014/15. The FY 2013/14 budget reflected the implementation of additional material processing expense in compliance with county and state reduction mandates. This expense was paid from the City's Integrated Waste Management fund until it could be incorporated into the solid waste rates that went into effect January 1, 2014. It is now paid directly by customers to the service providers as part of the solid waste rates and is no longer a City budgeted expense.

Other Funds | Special Revenue Funds

Special Revenue Funds

(Thousands of Dollars)	Human Services									Public	Environmental	Total
	Grants/ CDBG	Paratransit	FRC	Human Services	HOME	Low/Mod Inc Housing	Multi-Family Housing	Affordable Housing Ord	Safety Grants	Services Funds	Special Revenues	
Revenues												
Taxes:												
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Sales Tax	-	1,199	-	-	-	-	-	-	-	-	1,199	
Business Tax	-	-	-	-	-	-	-	-	-	-	-	
Hotel/Motel Tax	-	-	-	-	-	-	-	-	-	-	-	
Property Transfer Tax	-	-	-	-	-	-	-	-	-	-	-	
Paramedic Tax	-	-	-	-	-	-	-	-	-	-	-	
Franchise Fees	-	-	-	-	-	-	-	-	-	-	-	
Charges for Services	980	-	66	156	-	-	-	-	-	7,933	9,135	
Fines	-	-	-	-	-	-	-	-	-	-	-	
Use of Money and Property	39	-	15	8	-	95	-	-	-	-	157	
Intergovernmental	4,833	238	325	17	278	-	-	-	796	71	6,558	
Other Revenues	83	-	1,351	2	-	300	-	250	-	-	1,986	
Total Revenues	5,935	1,437	1,757	183	278	395	-	250	796	8,004	19,035	
Transfers In	-	-	-	3,488	-	1,100	-	-	50	-	4,638	
Resources Available (Revenues plus Transfers In)	5,935	1,437	1,757	3,671	278	1,495	-	250	846	8,004	23,673	
Expenditures												
General Government	-	-	-	-	-	-	-	-	-	-	-	
Police	-	-	-	-	-	-	-	-	751	-	751	
Fire	-	-	-	-	-	-	-	-	184	-	184	
Public Works:												
Engineering	-	-	-	-	-	-	-	-	-	-	-	
Maintenance	-	-	-	-	-	-	-	-	-	-	-	
Community Development:												
Planning	-	-	-	-	-	-	-	-	-	-	-	
Building and Safety	-	-	-	-	-	-	-	-	-	-	-	
Community Preservation	-	-	-	-	-	-	-	-	-	90	90	
Housing	-	-	-	-	272	441	-	25	-	-	738	
Human Services	5,840	1,514	1,321	3,607	-	-	-	-	-	-	12,282	
Community Services:												
Recreation	-	-	-	-	-	-	-	-	-	25	25	
Maintenance	-	-	-	-	-	-	-	-	-	-	-	
Landscape	-	-	-	-	-	-	-	-	-	-	-	
Environmental Services	-	-	-	-	-	-	-	-	-	7,259	7,259	
Non-departmental	-	-	-	-	-	-	-	-	-	-	-	
Less: Citywide Savings	-	-	-	-	-	-	-	-	-	-	-	
Debt Costs	-	-	618	-	-	-	-	-	-	-	618	
Total Expenditures	5,840	1,514	1,939	3,607	272	441	-	25	935	7,374	21,947	
Total Transfers Out	234	82	414	330	6	52	-	-	-	272	1,390	
Resources Used (Expenditures plus Transfers Out)	6,074	1,596	2,353	3,937	278	493	-	25	935	7,646	23,337	
Net Results of Operations (Resources Available less Resources Used)	(139)	(159)	(596)	(266)	-	1,002	-	225	(89)	358	336	
Beginning Fund Balance - 6/30/2014 (est.)	3,803	259	2,103	958	4	6,188	13	660	780	6,552	21,320	
Fund Balance - 6/30/2015 (est.)	\$ 3,664	\$ 100	\$ 1,507	\$ 692	\$ 4	\$ 7,190	\$ 13	\$ 885	\$ 691	\$ 6,910	\$ 21,656	

Other Funds | Special Revenue Funds

Special Revenue Funds

(Thousands of Dollars)	Budget FY 2012/13	Budget FY 2013/14	Adopted Budget FY 2014/15
Revenues			
Taxes:			
Property Tax	-	-	-
Sales Tax	917	1,173	1,199
Business Tax	-	-	-
Hotel/Motel Tax	-	-	-
Property Transfer Tax	-	-	-
Paramedic Tax	-	-	-
Franchise Fees	-	-	-
Charges for Services	8,305	9,459	9,135
Fines	-	-	-
Use of Money and Property	41	35	157
Intergovernmental	7,186	5,993	6,558
Other Revenues	1,658	3,972	1,986
Total Revenues	18,107	20,632	19,035
Transfers In	3,358	3,522	4,638
Resources Available (Revenues plus Transfers In)	21,465	24,154	23,673
Expenditures			
General Government	-	-	-
Police	1,141	1,097	751
Fire	461	94	184
Public Works:			
Engineering	-	-	-
Traffic Engineering	-	-	-
Maintenance	-	-	-
Community Development:			
Planning	-	-	-
Building and Safety	-	-	-
Community Preservation	88	88	90
Housing	511	2,232	738
Human Services	10,691	11,490	12,282
Community Services:			
Recreation	-	-	25
Maintenance	-	-	-
Landscape	-	-	-
Environmental Services	6,917	7,606	7,259
Non-departmental	200	-	-
Less: Citywide Savings	-	-	-
Debt Costs	783	668	618
Total Expenditures	20,792	23,275	21,947
Total Transfers Out	1,157	1,244	1,390
Resources Used (Expenditures plus Transfers Out)	21,949	24,519	23,337
Net Results of Operations (Resources Available less Resources Used)	(484)	(365)	336
Beginning Fund Balance (Ending Fund Balance from the Prior Year)	\$ 12,920	\$ 18,456	\$ 21,320
Ending Fund Balance	\$ 12,436	\$ 18,091	\$ 21,656

Capital Funds

The five-year Capital Improvement Program (CIP) is adopted biannually, and includes appropriations for projects for FY 2013/14 through FY 2017/18. Selected excerpts from the CIP are included with the operating budget to present a comprehensive picture of all the funds of the City and to reflect fund transfers approved between other operating funds and capital funds. This section contains a description of the CIP funds, a summary of approved expenditures by program category, and highlights of key projects for the current fiscal year. Additional CIP summary information can be found in the Capital Budget Summary section of this document. The complete capital plan can be found in the City's CIP.

General Fund Group

These funds are transferred from the General Fund and may be used for projects designated by the City Council. The debt service budget for assets acquired using certificates of participation (COPs) is also displayed here.

Vehicle Replacement

Vehicle replacement resources are collected through annual charges to City departments based on their actual vehicle fleet. The charges are intended to provide funding for anticipated vehicle replacement needs in the budget year. Funds not used in one year are retained in the fund for future years, thereby potentially reducing departmental charges in the future.

Gas Tax Funds

Revenue in this fund comes from State gas tax and other sources, such as Measure B sales tax distributions, and can only be used for street maintenance and other traffic improvement projects.

Park Impact Fee Funds

Funds in this group are restricted to acquisition, development, and/or rehabilitation of park land. The Parks and Recreation chapter of the General Plan contains the City's policies, standards, and guidelines for acquisition and development activities eligible for funding with park funds. The City Council has also adopted a Parks and Recreation Master Plan. The FY 2013/14 through FY 2017/18 Capital Improvement Program projects the use of the accumulated fund balance in these funds over the next five years.

Traffic Impact Fee Funds

Traffic impact fees are collected from development projects for streets, intersection improvements, and other infrastructure necessary to mitigate the transportation impacts of new development. These funds come from fees levied on all new development in the City.

Restricted Capital Funds

These funds are included for reference only; the amounts noted show the funds received from various grants that can only be used for a specific capital project. All projects in this group are either partially or fully funded by other funding sources not available for use other than as specified. Refer to the “restricted funds group” detail in the CIP document.

Capital Improvement Funds

(Thousands of Dollars)	General Fund Group	Vehicle Replacement	Gas Tax	Park Impact Fees	Traffic Impact Fees	Restricted Group	Expenditure Reclass*	Total Projects
Revenues								
Taxes:								
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-
Business Tax	-	-	-	-	-	-	-	-
Hotel/Motel Tax	-	-	-	-	-	-	-	-
Property Transfer Tax	-	-	-	-	-	-	-	-
Paramedic Tax	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-
Charges for Services	-	1,465	-	-	-	-	(1,465)	-
Fines	-	-	-	-	-	-	-	-
Use of Money and Property	70	40	167	275	100	-	-	652
Intergovernmental	-	-	9,578	-	-	-	-	9,578
Other Revenues	-	50	-	1,400	1,700	1,360	-	4,510
Total Revenues	70	1,555	9,745	1,675	1,800	1,360	(1,465)	14,740
Transfers In	11,748	-	-	-	-	-	-	11,748
Resources Available (Revenues plus Transfers In)	11,818	1,555	9,745	1,675	1,800	1,360	(1,465)	26,488
Expenditures								
General Government	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public Works:								
Engineering	-	-	-	-	-	-	-	-
Maintenance	-	-	1,200	-	-	-	-	1,200
Community Development:								
Planning	-	-	-	-	-	-	-	-
Building and Safety	-	-	-	-	-	-	-	-
Community Preservation	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-
Community Services:								
Recreation	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	-	-
Landscape	-	-	-	-	-	-	-	-
Environmental Services	-	-	-	-	-	-	-	-
Non-departmental	6,395	2,369	9,900	3,472	1,773	-	(7,663)	16,246
Less: Citywide Savings	-	-	-	-	-	-	-	-
Debt Costs	6,598	-	-	-	-	-	-	6,598
Total Expenditures	12,993	2,369	11,100	3,472	1,773	-	(7,663)	24,044
Total Transfers Out	-	11	-	-	-	1,360	-	1,371
Resources Used (Expenditures plus Transfers Out)	12,993	2,380	11,100	3,472	1,773	1,360	(7,663)	25,415
Net Results of Operations (Resources Available less Resources Used)	(1,175)	(825)	(1,355)	(1,797)	27	-	6,198	1,073
Beginning Fund Balance - 6/30/2014 (est.)	2,784	1,816	1,475	1,781	81	-	n/a	7,937
Fund Balance - 6/30/2015 (est.)	\$ 1,609	\$ 991	\$ 120	\$ (16)	\$ 108	\$ -	n/a	\$ 9,010

*NOTE: A portion of Capital Improvement Funds' expenditures are reclassified because costs for design, engineering, and other staff charges to capital projects are budgeted as part of the costs of projects and also included in departments' budgets. Total fund balance does not include available fund balances in restricted fund groups which are contained in the CIP.

Capital Improvement Funds

(Thousands of Dollars)	Budget FY 2012/13	Budget FY 2013/14	Adopted Budget FY 2014/15
Revenues			
Taxes:			
Property Tax	-	-	-
Sales Tax	-	-	-
Business Tax	-	-	-
Hotel/Motel Tax	-	-	-
Property Transfer Tax	-	-	-
Paramedic Tax	-	-	-
Franchise Fees	-	-	-
Charges for Services	-	-	-
Fines	-	-	-
Use of Money and Property	388	665	652
Intergovernmental	8,380	9,423	9,578
Other Revenues	4,863	7,931	4,510
Total Revenues	13,631	18,019	14,740
Transfers In	8,416	14,688	11,748
Resources Available (Revenues plus Transfers In)	22,047	32,707	26,488
Expenditures			
General Government	-	-	-
Police	-	-	-
Fire	-	-	-
Public Works:			
Engineering	-	-	-
Traffic Engineering	-	-	-
Maintenance	1,200	1,200	1,200
Community Development:			
Planning	-	-	-
Building and Safety	-	-	-
Community Preservation	-	-	-
Housing	-	-	-
Human Services	-	-	-
Community Services:			
Recreation	-	-	-
Maintenance	-	-	-
Landscape	-	-	-
Environmental Services	-	-	-
Non-departmental	7,442	26,188	16,246
Less: Citywide Savings	-	-	-
Debt Costs	7,341	6,438	6,598
Total Expenditures	15,983	33,826	24,044
Total Transfers Out	855	816	1,371
Resources Used (Expenditures plus Transfers Out)	16,838	34,642	25,415
Net Results of Operations (Resources Available less Resources Used)	5,209	(1,935)	1,073
Beginning Fund Balance (Ending Fund Balance from the Prior Year)	\$ 13,335	\$ 16,627	\$ 7,937
Ending Fund Balance	\$ 18,544	\$ 14,692	\$ 9,010

Capital Budget Summary

Capital Budget Summary

The unitalicized text that follows is excerpted from the FY 2013/14-FY 2017/18 Adopted Capital Improvement Program (CIP) dated June 11, 2013. The City Council-adopted document is a five-year program/plan. A few minor edits have been made to the text for the purpose of incorporating this information into the Operating Budget.

The Capital Improvement Program (CIP) budget is developed every two years. This year's CIP forecasts and allocates the resources the City will use to build and maintain its infrastructure between FY 2013/14 and FY 2017/18. The plan allocates money for capital projects and the maintenance of existing infrastructure for five years, with project funding appropriated annually on July 1. The next CIP will be developed in two years, covering fiscal years 2015/16 through 2019/20. The CIP is a budget, but it is also a tool to facilitate strategic thought and comprehensive capital planning. The structure of this process provides the opportunity to finance capital infrastructure and maintenance projects, balance the City's needs and priorities for a five-year period, and develop a plan that is strategic, comprehensive, and flexible. This memo introduces the FY 2013/14 - 2017/18 CIP, provides the context of the plan development, highlights several projects, and explains key components of the plan.

This CIP programs approximately \$128 million over the next five years for capital projects. The Executive Summary highlights some of the major projects in the plan, including detailed project descriptions and fund group summaries.

In the Capital Improvement Fund 501 group, new revenues from the dissolution of the Redevelopment Agency are enabling new funding for priority needs. Over the five-year CIP period, \$18.8M is programmed from the General Fund to Street Maintenance, which will supplement annual streets funding from gas taxes. This funding will help improve Fremont's pavement condition, which has been noted by the City Council as a capital priority. Furthermore, the General Fund will contribute \$250,000 per year to the Warm Springs Area Development efforts. The CIP will restore the full contribution to the development of the City's Downtown project, a major undertaking with great potential to enhance the City's economic vitality, programming \$5 million from the General Fund over the five-year plan, and also re-establish the \$1 million annual General Fund contribution towards capital maintenance projects.

As with the Capital Improvement Fund group, the emphasis of projects funded by the Gas Tax fund group is on operations and maintenance of existing assets. Revenues from State gas taxes and from local streets and roads funding have increased nearly 20% from the previous CIP, and the focus of available funding on street maintenance will help the City slow the decline in city pavement condition. Because of the maintenance priority, gas tax funds are not able to contribute to many new transportation enhancements. Funding these key activities will continue to be challenging as a result of the gas tax funding structure. Gas tax funding is not indexed to inflation and, therefore, does not keep up with annual increases in the City's maintenance and operations costs.

Transportation projects funded from Traffic Impact Fees (TIF) generated by development activity will allow for full funding towards the widening of Warm Springs Boulevard, which is timed to be ready for the opening of the Warm Springs BART station, and the widening of Fremont Boulevard on the

Capital Budget Summary

extension from Cushing Parkway to Warren Avenue. Traffic Impact Fee funds have also been set aside for Warm Springs Area Infrastructure improvements as the area is developed. Specific projects will be identified at a later date.

In addition to these major fund groups, the CIP also identifies some restricted capital funds available for specific projects only. Federal funds administered by the One Bay Area Grants were obtained for the Downtown project and for street rehabilitation. Additionally, Fremont will begin replacing its streetlight system with LED lights through loans and financing from the California Energy Commission and PG&E.

The State and local revenue challenges faced by the City also result in substantive unfunded needs that are not able to be addressed through this capital plan. We have continued to first focus attention on existing State and local funding sources, which are declining and constrained, and will eventually search for other mechanisms for meeting some of the unfunded needs outlined in this plan.

CIP Funding Sources

Capital Improvement Fund 501 – This CIP fund is unrestricted and can be used for any capital project designated by the City Council. This portion of the CIP budget draws funding from a variety of sources, including the City's General Fund, interest earnings, unappropriated fund balance, fund transfers and proceeds from unexpended funds from project closeouts. It is estimated that this fund will have approximately \$26.3 million available over the next five years for capital projects. This includes direct contributions from the General Fund of \$12.1 million for streets, \$1.25 million for Warm Springs Area Development, \$5 million for the Downtown project, and \$5 million towards other capital projects.

Gas Tax Fund Group – Revenue in this fund group comes from the City's share of the State-collected gasoline taxes, funds from the Measure B half-cent sales tax for transportation-related expenditures, and the new county-wide Vehicle Registration Fee. The City can only use these funds for street maintenance and other transportation improvement projects. It is estimated that this fund group will have approximately \$52.45 million available over the next five years for capital projects. These total funds available in the gas tax group are up approximately \$11 million from the previous CIP, largely due to State gas tax revenues rebounding from lows during the recession, increased Measure B revenues, and the new vehicle registration fee.

Traffic Impact Fee (TIF) – This fund group accounts for monies received from developers to mitigate impacts on the City's transportation network resulting from new development. The funds reflect new development's share of the cost of street improvements, interchanges, and other traffic infrastructure improvements. Over the next five years, staff estimates that the total available resources for this fund group will be \$14 million. This estimate is based on projected residential and non-residential construction activity and interest earnings over the next five years. Year to year, the traffic impact fee fund amount available is variable based on development activity.

Park Development Impact Fees – This fund group accounts for monies received from developers to mitigate impacts on the parks system resulting from new development and population growth. According to State law, these funds can only be used to expand existing parks or to develop newly acquired parkland. This fee-driven revenue estimate is based on projected residential construction

activity and interest earnings over the next five years. This CIP cycle, this fund group also includes projects funded by the East Bay Regional Park District's Measure WW. This fund group is expected to have approximately \$14.5 million available over the five-year CIP period. The funds available include a one-time programming of Renovation/Acquisition funds and final use of Measure WW funding.

Committed/Restricted Fund Group – This fund group accounts for funds that the City projects to receive from State, federal and other agencies to fully or partially fund specific capital projects. It also lists internal restricted City funds available for specified purposes within the plan. Estimates of the total funding programmed to projects in this group are \$17.4 million. The funds available in this group include funding from the One Bay Area Grant (OBAG) towards the Downtown project and for pavement rehabilitation, loans and energy savings programs for replacing City streetlights with LED lights from partners such as the California Energy Commission and PG&E, and grants from the Transportation for Clean Air (TFCA) program for traffic improvements. These outside funding sources help to relieve the pressure on other available CIP funding sources.

Unfunded Needs

The proposed FY 2013/14 – 2017/18 CIP does not represent the full picture of project funding needs. This CIP was developed with the understanding that while economic conditions are improving, funding challenges still remain, so there was a limited call for new projects from departments. Understanding the need to capture ongoing capital needs to plan for the future, departments were also asked to submit project proposals so that department and citywide capital needs could be recorded, even if they were not able to be met with funding in the FY 2013/14 – 17/18 CIP cycle. These capital needs included long-term IT upgrades, park projects, higher funding levels for street maintenance, and facility improvements to the Senior Center. Funding for those projects must wait for future CIPs or come from other sources. For example, the cost of bringing the street pavement condition back to “Good”, as measured by a Pavement Condition Index (PCI) of 83, would be approximately \$350 million over ten years, which is clearly beyond the City's available or projected financial resources, even with the larger allocation to streets funding in this CIP. During the development of this CIP, projected savings from facility projects that were appropriated funding from the December 2010 issuance of COPs were identified and reallocated to some of the City's unfunded facility needs, including the requested bathroom expansion and upgrades at the Senior Center.

The City will continue to face challenges in finding the resources to build and maintain its capital infrastructure at a level that is acceptable to those who live and work in the City. We have adjusted our capital planning to adapt to an unstable economic environment. This plan appropriates money for capital projects and the maintenance of existing infrastructure for five years, and it is reviewed and updated every two years. The process to update this plan biannually provides the City Council with a regular opportunity to consider these challenges, and to consider options for addressing them. Despite the funding limitations associated with this plan, the City will proceed with the significant capital work program outlined here for the benefit of the Fremont community.

Capital Budget Summary

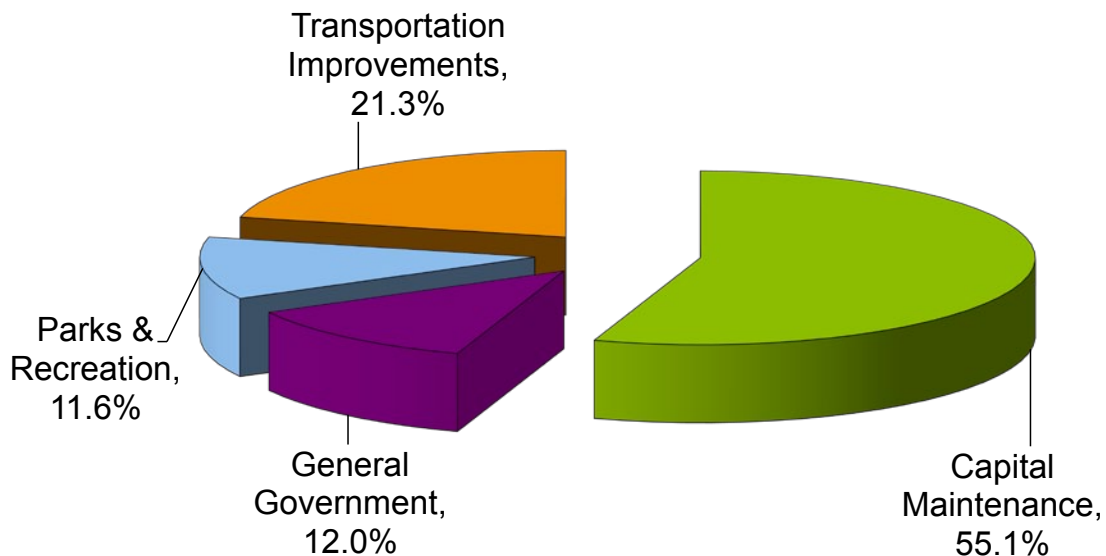
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Capital Improvement Project Highlights

Within the CIP, projects are categorized by major funding sources and among four programs: Capital Maintenance, Transportation Improvements, Parks and Recreation, and General Government. The chart below shows that the largest share of the CIP budget, 55.1%, supports Capital Maintenance-related activities.

The following section provides an excerpt of key projects within each program category. Information about CIP funds summarized in the operating budget can be found in the Other Funds section of this document. A comprehensive list of projects is available in the adopted CIP for Fiscal Years 2013/14 through 2017/18.

CIP FY 2013/14 - 2017/18
Distribution of Funding by Program Category
Total: \$127,993,000



Capital Budget Summary | Capital Improvement Project Highlights

Capital Maintenance

1. Title: Pavement Maintenance

Subprogram: Streets/Infrastructure

Project Description: Perform Cape Seal and Slurry Seal to street surfaces.

Funding Source: Capital Improvement Fund (501)
State Gas Excise Tax, State Gas Tax 2105, 2106, 2107, 2107.5
ACTIA Measure B Local Streets and Roads
New Vehicle Registration Fee SB83 (Measure F)

Project Cost:

2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	Five-year total
\$5,950,000	\$6,200,000	\$7,600,000	\$3,930,000	\$3,930,000	\$27,610,000

Operational Impact: Cape sealing and slurry sealing are more cost-effective street treatment options than overlay. This project is part of the City's ongoing preventive pavement maintenance program with the goals of extending pavement life and decreasing the need to perform more expensive overlays.

2. Title: Pavement Rehabilitation

Subprogram: Streets/Infrastructure

Project Description: Apply major pavement rehabilitation efforts, including asphalt overlay and street reconstruction, on selected streets throughout the city.

Funding Source: Capital Improvement Fund (501)
State Gas Exercise Tax
ACTIA Measure B Local Streets and Roads
New Vehicle Registration Fee SB83 (Measure F)
One Bay Area Grant – Local Streets and Roads (Federal CMAQ/STP funds)

Project Cost:

2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	Five-year total
\$6,055,000	\$4,100,000	\$5,100,000	\$2,620,000	\$2,620,000	\$20,495,000

Operational Impact: Street overlays prevent street failures and decrease the need to perform the more expensive street reconstruction, which can cost three times the amount of the overlay project.

Capital Budget Summary | Capital Improvement Project Highlights

3. Title: Street Maintenance

Subprogram: Streets/Infrastructure

Project Description: Repair/maintenance of pavement and drainage throughout the city.

Funding Source: State Gas Tax 2107

Project Cost:

2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	Five-year total
\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$6,000,000

Operational Impact: Street repair/maintenance prevents street failures and decreases the need to perform the more expensive street reconstruction.



Street maintenance project



Asphalt patching in residential area

Capital Budget Summary | Capital Improvement Project Highlights

Traffic Improvements

1. Title: Warm Springs Area Development/Infrastructure

Subprogram: Bridges and Overpasses

Project Description: Planning and development of the Warm Springs Area for necessary infrastructure improvements as the area is developed.

Funding Source: Capital Improvement Fund (501)
Traffic Impact Fee

Project Cost:

2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	Five-year total
\$250,000	\$1,250,000	\$1,250,000	\$1,150,000	\$1,150,000	\$5,050,000

Operational Impact: In conjunction with the opening of the Warm Springs BART station in 2015, there is a need for infrastructure to support the envisioned transit-oriented mixed use development of this area. This development will likely enhance property tax and sales tax revenues; however, City service demands will also likely increase based on the new development.

2. Title: Congestion Management Program

Subprogram: Traffic Improvements

Project Description: Proposition 111 mandated with five components:

1. define the CMP transportation system and service standards for highway and roadway
2. a transit standard element
3. a Transportation Demand Management trip reduction element
4. a program for analyzing the impacts of land use decisions
5. a seven-year Capital Improvement Program

Funding Source: State Gas Excise Tax, State Gas Tax 2105 and 2106
ACTIA Measure B Local Streets and Roads

Project Cost:

2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	Five-year total
\$400,000	\$400,000	\$500,000	\$400,000	\$400,000	\$2,100,000

Operational Impact: Project is mandated by Proposition 111. Failure to implement will result in loss of local fuel tax subventions and federal funding.

Capital Budget Summary | Capital Improvement Project Highlights

3. Title: Traffic Improvement Program

Subprogram: Transportation Improvements

Project Description: Install new traffic signals at intersections from the Traffic Signal Priority list and perform modifications to update old traffic signals and other improvements.

Funding Source: Traffic Impact Fee

Project Cost:

2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	Five-year total
\$550,000	\$550,000	\$550,000	\$550,000	\$550,000	\$2,750,000

Operational Impact: This project will improve traffic flow and traffic safety, thereby protecting the City from liability. Maintenance impacts will be small in relation to the City's overall inventory as well as the lower cost of maintenance of newer inventory.

Capital Budget Summary | Capital Improvement Project Highlights

Parks and Recreation

1. Title: Central Park Softball Fields 1 & 2 Renovation

Subprogram: Central Park

Project Description: Re-grade all fields, dethatch, slit seed or re-sod, and repair, or adjust irrigation.

Funding Source: Measure WW

Project Cost:

2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	Five-year total
\$0	\$390,000	\$0	\$0	\$0	\$390,000

Operational Impact: The renovation will improve field playability and reduce maintenance cost and requirements.

2. Title: Central Park Soccer 9&10/Cricket Synthetic Turf Conversion

Subprogram: Central Park

Project Description: Convert Central Park Soccer/Cricket Fields 9&10 to Synthetic Turf.

Funding Source: Park Benefit Fees Quimby and AB 1600

Park Dedication Fund 182

Park Facility Impact Fees

Project Cost:

2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	Five-year total
\$741,000	\$0	\$2,529,000	\$0	\$0	\$3,270,000

Operational Impact: The project will increase revenue by increasing the field use time, and reduce maintenance cost.

3. Title: Dusterberry Neighborhood Park Development

Subprogram: Other Parks

Project Description: Demolish the building currently on site and develop the neighborhood park.

Funding Source: Park Facility Impact Fee (after July 1995)

Project Cost:

2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	Five-year total
\$400,000	\$0	\$0	\$0	\$580,000	\$980,000

Operational Impact: This project will develop the park to neighborhood park standards and add new park for public use. Maintenance impacts will be small in relation to the City's overall inventory.

Capital Budget Summary | Capital Improvement Project Highlights

General Government

1. Title: Downtown Project

Subprogram: General Government

Project Description: Implement the Downtown Plan, including development of a Civic Center, public plaza, and the extension of Capitol Avenue.

Funding Source: Capital Improvement Fund (501)

One Bay Area Grant – Priority Development Area (Fed CMAQ/STP Fund)

Project Cost:

2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	Five-year total
\$6,853,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$10,853,000

Operational Impact: This project envisions creating a lively, pedestrian-oriented district, which will contribute to the City's economic growth. This development will likely enhance sales tax revenue; however, City service demands will also likely increase based on the new development.



Downtown project

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Department Budgets

City Council

Vision:

Fremont will be a globally connected economic center with community pride, strong neighborhoods, engaged citizens from all cultures, and a superb quality of life.

Long-term Outcomes for the City of Fremont

1. **Dynamic local economy:** A diverse, strong, and adaptable economy where businesses can be successful in the global economy and where residents and visitors can enjoy high-quality commercial amenities.
2. **An engaged and connected multicultural community:** Strong relationships among people of all cultures and backgrounds to foster democratic community leadership and commitment to a flourishing Fremont.
3. **Thriving neighborhoods:** Safe and distinctive commercial and residential areas where people know each other, are engaged in their community, and take pride in their neighborhoods. Make Fremont a great place to raise children.
4. **Live and work in Fremont:** A range of housing to match the variety of jobs in Fremont, enabling people to live and work locally throughout their lives.
5. **Interesting places and things to do:** Places of interest throughout the community where people want to gather, socialize, recreate, shop, and dine.
6. **Effective transportation systems:** A variety of transportation networks that make travel easy throughout Fremont.



Department Budgets | City Council

City Council Historical Expenditures/Budget, by Category

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Salaries & Benefits	\$ 126,371	\$ 134,296	\$ 130,577	\$ 130,577	\$ 130,577	\$ 145,103
Operating Expenditures	121,835	174,571	173,724	182,167	182,167	183,713
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	-	-	-	-	-	-
Totals	\$ 248,206	\$ 308,867	\$ 304,301	\$ 312,744	\$ 312,744	\$ 328,816

% increase/(decrease), including all funds, from FY 2013/14 Adopted Budget 5.1%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

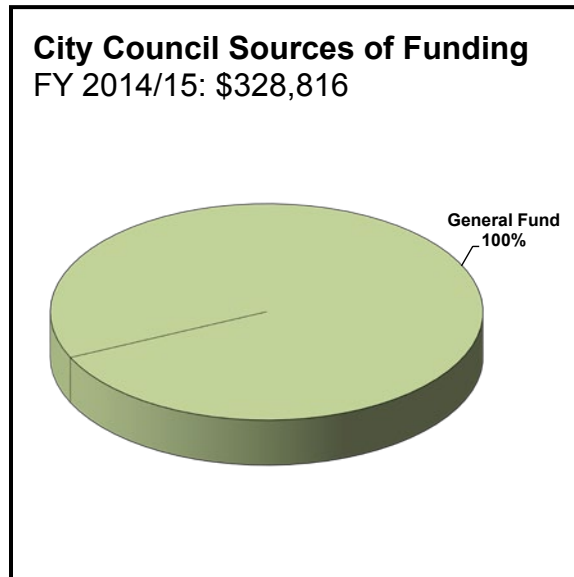
Key City Priorities

1. Warm Springs/South Fremont Development Area: Continue to work with local and regional partners, as well as State and Federal Legislators, to ensure the strategic development and implementation of the Warm Springs/South Fremont Strategy.
2. Downtown Fremont: Continue to commit time and resources to the Downtown Plan to ensure that the Downtown is poised to become a vibrant urban mixed use district within the City Center that will serve as a destination for the city and region.



3. BART to San Jose: Continue to partner with BART to ensure that Fremont's interests are considered relative to the BART extensions to Warm Springs/South Fremont and Santa Clara County.
4. Economic Development: Attract and retain an appropriate mix of retail, office, and industrial or technology uses, in order to foster a dynamic economy and a stronger tax base.

5. Civic Engagement: Continue to implement new methods and tools to facilitate civic engagement and enhance access to open government.
6. Legislative Advocacy: Continue to pursue legislative efforts that are in the best interest of the City through regional, state, and federal partnerships.
7. Strategic Marketing Efforts: Continue to support activities that raise public and private awareness through media and public relations efforts.



Major Changes

- The FY 2014/15 City Council adopted budget is \$16,072 (or 5.1%) more than the FY 2013/14 adopted budget.
- Salaries and benefits are increasing by 11.1% due to increases in CalPERS retirement benefit costs.

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Community Development

Mission:

The Fremont Community Development Department will be regionally recognized as a model department that both the City and staff can be proud of. Furthermore, the role of the department is to move the community toward the sustainable, strategically urban community envisioned in the General Plan through long-range planning, community preservation activities, and project-by-project actions.

Major Services

Planning

Review proposed development projects, assist the City with planning for future development, and ensure development conforms with the City's adopted policies and ordinances.

Building and Safety

Ensure that the built environment is constructed and maintained in accordance with adopted codes to provide the community with a healthy and safe place to live, work, and enjoy. Review construction plans, issue building permits, and conduct construction inspections.

Community Preservation

Respond to citizen complaints and proactively seek out violations of the Fremont Municipal Code to preserve community health and safety.

Housing

Work with property owners, developers, affordable housing organizations, and other community members to maintain and expand the range of housing alternatives in Fremont.

Environmental Sustainability

Lead the City's efforts to implement the Climate Action Plan and reduce greenhouse gas emissions in City operations and the community.

Department Budgets | Community Development

Department Overview



The Community Development Department provides planning, development review, community preservation services, building permit issuance, construction inspection, housing, and environmental sustainability services. Together with the community, the department works to implement the goals of the City as referenced through the General Plan and City Council direction. The department further assists the community in meeting all development requirements. The department's activities reflect the community's desire to preserve

its open space and hillsides, to maintain the community's historic town centers and character, to build high-quality strategically urban residential and commercial development, and to maintain and increase the range of housing alternatives. The department also plays a lead role in implementation of the Climate Action Plan adopted by the City Council in 2012.

Community Development
Historical Expenditures/Budget, by Major Service Area

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Planning	\$ 3,515,256	\$ 3,400,620	\$ 4,059,155	\$ 4,183,233	\$ 4,034,489	\$ 4,231,378
Building and Safety	4,908,665	4,744,415	5,048,277	5,063,679	5,063,679	5,947,698
Community Preservation	698,970	754,981	910,986	900,031	899,653	976,823
Affordable Housing Investment	125,127	108,894	1,766,225	1,766,225	1,766,225	492,690
Affordable Housing Ordinance	-	3,020,929	38,000	255,300	255,300	25,000
Total Community Development	\$ 9,248,018	\$ 12,029,839	\$ 11,822,643	\$ 12,168,468	\$ 12,019,346	\$ 11,673,589

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Note: Starting FY 2011/12, the budgets for Affordable Housing Investment and Affordable Housing Ordinance are included.

Accomplishment Highlights FY 2013/14

- Processed development applications for several high priority projects, including Whole Foods, Thermo Fisher, Delta Products, Artist Walk, Dumbarton Quarry Regional Park, Crossings @ 880, Car Max Dealership, amendment to The Block to add Dick's Sporting Goods, and Palo Alto Medical Surgery Center and Parking Garage.
- Streamlined permitting operations to provide more effective customer service and greater organization efficiencies including: re-organized permit counter staffing duties to consolidate general building and planning duties; revised the fire inspection and plan check program to provide uniform review as well as automated fire inspection requests; developed and implemented digital plan check review for building permits, and instituted a structured in-house training program for all Building & Safety Division staff.
- Working with Chevron Energy Solutions, completed an energy and water audit of City operations which will lay the groundwork for future Climate Action Plan implementation projects.

- Completed numerous zoning and design guideline updates, including: Comprehensive update to the Sign Ordinance; adopted Multifamily Residential Design Guidelines; adopted Citywide Design Guidelines; adopted redesignations for private open space parcels as required by the Private Open Space Initiative; and adopted amendments updating permit processing procedures and legal requirements.
- Continued to facilitate development of affordable housing including: Worked with MidPen Housing to complete a major renovation of Century Village Apartments, resulting in significant property improvements and 25 additional affordable units without commitment of any new funding by the City; and facilitated entitlement review of a new 64-unit affordable housing project, Laguna Commons, in the Irvington area.
- Completed the public review of the draft Warm Springs/South Fremont Community Plan and accompanying Draft Environmental Impact Report (EIR) to create a 21st century workplace and transit oriented development around the future Warm Springs/South Fremont BART Station.
- Adopted the Building Code with local amendments to ensure the City's standards reflect the latest safety and environmental best practices.
- Adopted a Tenant Relocation Ordinance to assist residents displaced from substandard housing.
- Adopted Neighborhood Preservation Ordinance amendments to clarify nuisance conditions, notices and timing of abatement procedures to assist community preservation efforts.

Objectives FY 2014/15

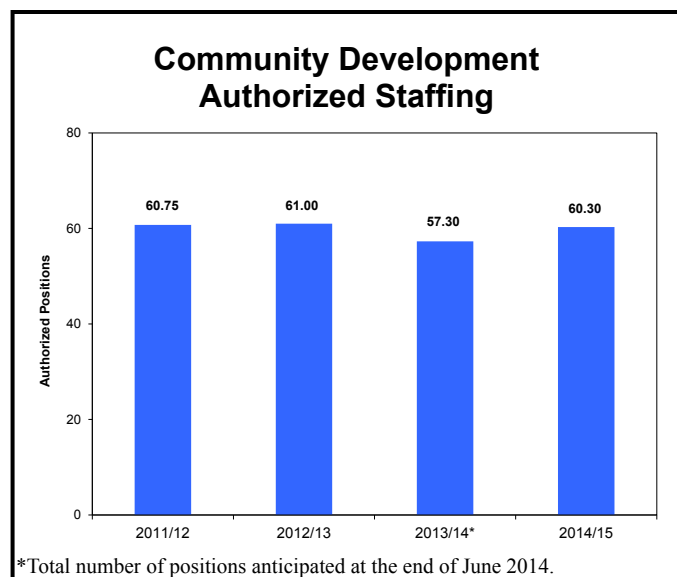
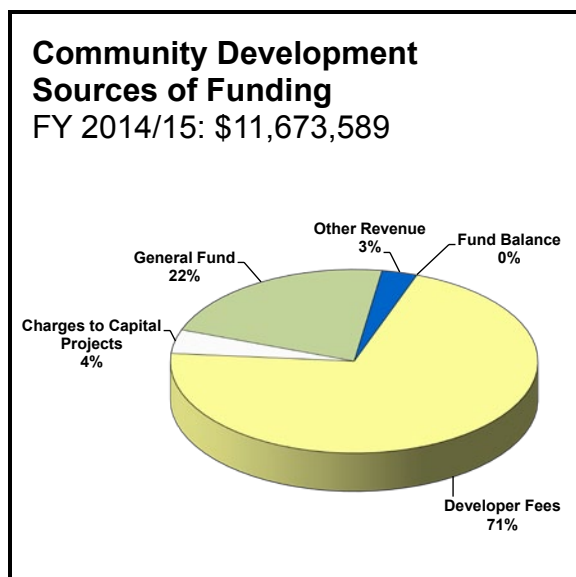
1. In partnership with the Information Technology Services Department, replace the current permitting software system with a robust land use/permitting system to better manage information and workflow.
2. Continue to update the Zoning Code to be consistent with the new General Plan, including adoption of changes to residential, commercial and industrial zoning districts.
3. Adopt the 2015-2023 Housing Element Update to address the City's Regional Housing Needs Allocation (RHNA).
4. Process Habitat for Humanity project to provide new low- and moderate income family units.
5. Process expansion at Lam Research campus.
6. Process re-use of former-Henkel factory/Schuckl cannery site to revitalize the southern end of Niles Boulevard with residential uses.
7. Update Wireless Telecommunications Ordinance.
8. Adopt the City Center Precise Plan and Form Based Code to transform the auto-oriented City Center into a multi-modal, mixed-use destination with comfortable, walkable, complete streets, and a strong sense of place.

Department Budgets | Community Development

9. Continue implementation of the Climate Action Plan, taking specific actions for meeting the City's greenhouse gas emission reduction target as laid out in the plan.
10. Solicit new proposals for affordable housing projects and facilitate Council selection of a project to receive City funding.
11. Increase collaboration with other jurisdictions for uniform enforcement of local regulations.
12. Continue to collaborate with Fire, Police, Environmental Services, Public Works, and Recreation to provide thorough and comprehensive development review services to the public.
13. Update emergency plans and operations, including disaster safety assessment program.

Performance Measurement

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Reduce waits for public counter assistance to a minimum of 15 minutes	N/A	80%	90%	80%
Achieve entitlement processing schedules	N/A	80%	80%	80%
Achieve building permit processing schedules	N/A	80%	90%	80%



Department Budgets | Community Development

Community Development Historical Expenditures/Budget, by Category

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Salaries & Benefits	\$ 6,831,472	\$ 6,825,561	\$ 7,878,135	\$ 7,920,330	\$ 7,791,808	\$ 8,848,517
Operating Expenditures	541,975	448,008	1,959,952	2,214,365	2,193,765	792,400
Capital Expenditures	14,131	2,949,422	2,843	5,900	5,900	7,500
Indirect Expense Allocation**	1,860,440	1,806,848	1,981,713	2,027,873	2,027,873	2,025,172
Totals	\$ 9,248,018	\$ 12,029,839	\$ 11,822,643	\$ 12,168,468	\$ 12,019,346	\$ 11,673,589

% increase/(decrease), including all funds, from FY 2013/14 Adopted Budget -2.9%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes

- The FY 2014/15 Community Development Department adopted budget is \$345,757 (or 2.9%) less than the FY 2013/14 adopted budget. The budgets for Low & Moderate Income Housing Asset and Affordable Housing are included, and the decrease is mainly due to changes in these budgets. If these two items are factored out, the proposed budget is actually \$1,158,078 (11.6%) more than the FY 2013/14 adopted budget.
- Salaries and benefits are increasing by 13.6% due an increase of 3.0 FTEs to reflect workload realignment and increases in development activities.
- Operating expenditures are decreasing by \$1,401,365 (63.9%) due primarily to the completion of the Laguna Commons Project.
- Capital expenditures are increasing by \$1,600 (27.1%) due to an increase of capital needs.

Department Budgets | Community Development

Staffing by Function–FY 2014/15

Community Development			
Administration			
Community Development Director	0.575		
Deputy Director	0.600		
Business Manager	0.350		
Business Ally/Management Analyst II	1.000		
Environmental Specialist II	0.250		
Senior Executive Assistant	0.350		
Senior Office Specialist	0.500		
Building & Safety		Planning	
Community Development Director	0.325	Planning Manager	1.000
Deputy Director	0.100	Principal Planner	2.000
Building Official	0.750	Senior Planner	2.000
Plan Check and Permit Center Manager	1.000	Information Systems Appl Specialist III	1.000
Business Manager	0.350	Associate Landscape Architect	1.000
Plan Check Engineer	5.000	Associate Planner	6.000
Supervising Building Inspector	1.000	Planner I	2.000
Fire & Life Safety Plans Examiner	2.000	Executive Assistant	1.000
Building Inspector Specialist	4.000	Accounting Specialist II	1.000
Building Inspector	7.000	Office Specialist II	0.400
Senior Community Development Technician	1.000		
Community Development Technician	6.000	Community Preservation	
Senior Executive Assistant	0.350	Community Development Director	0.050
Administrative Assistant	0.750	Deputy Director	0.050
Senior Office Specialist	0.500	Building Official	0.250
Office Specialist II	1.600	Community Preservation Manager	1.000
Housing		Business Manager	0.050
Community Development Director	0.050	Senior Code Enforcement Officer	1.000
Deputy Director	0.250	Code Enforcement Officer II	3.250
Business Manager	0.250	Senior Executive Assistant	0.050
Housing Project Manager	0.800	Administrative Assistant	0.250
Senior Executive Assistant	0.250		

Regular Full-Time Equivalents: 60.3

Community Services

Mission:

To enhance the community and ensure the citizens of Fremont receive excellent customer service through its management of recreation facilities, the provision of quality recreation and environmental programs, park planning, and maintenance of City parks, trees, and medians.

Major Services

Recreation

Offer leisure activities, provide park visitors' services, and manage recreation facilities and historic sites.

Parks, Medians, and Urban Landscape

Provide park facilities and services to Fremont residents. Plan, coordinate, organize, and manage maintenance of the City's park land, facilities, and medians.

Environmental Services

Administer garbage, recycling, and stormwater programs for Fremont residents and businesses.

Landscape Architecture

Manage park development, street median landscape, and public plaza projects. Issue tree removal permits and review development projects.

Department Overview

The Community Services Department provides leisure activities, parks and community facilities, parks and street median maintenance, community landscape architecture, and environmental services. The Recreation and Parks Divisions manage public use of recreation facilities and plan, maintain, and oversee the City's park system. Along with Landscape Architecture, the department carries out capital and park planning and development projects, and implements the Parks and Recreation Master Plan. The recreation activities, carried out primarily through the Recreation Enterprise Division, include performing and visual arts, academic enrichment, sports, teen and early childhood development programs, park visitors' services, as well as management of the community centers, special facilities and historic sites. Staff provides support to the Recreation Commission and other boards and commissions that advise the City Council. The Environmental Services Division is responsible for environmentally sound and cost-effective methods for the disposal of garbage and household hazardous waste, recovery of recyclables, waste prevention, and flow of clean storm water into streams and the San Francisco Bay. Together, these divisions strive to enhance the quality of life for the residents of Fremont and its visitors.

Department Budgets | Community Services

Community Services Historical Expenditures/Budget, by Major Service Area

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Recreation	\$ 7,782,315	\$ 7,811,456	\$ 8,360,363	\$ 8,407,492	\$ 8,394,062	\$ 9,096,148
Parks, Medians, & Urban Landscape	6,438,388	6,563,611	6,756,107	6,655,912	6,538,984	7,523,059
Environmental Services**	7,001,329	7,581,655	7,811,576	8,247,055	7,957,971	7,645,310
Landscape Architecture***	999,658	1,004,599	1,043,904	1,091,107	1,082,749	1,361,106
Total Community Services	\$ 22,221,690	\$ 22,961,321	\$ 23,971,950	\$ 24,401,566	\$ 23,973,766	\$ 25,625,623

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

**Previously budgeted in the Transportation & Operations Department, which is now the Public Works Department.

***Previously budgeted in the Engineering Division of the Community Development Department.

Accomplishment Highlights FY 2013/14

- Completed the street sweeping and storm drain vactoring program assessment and began to implement changes that could improve the effectiveness of the program as well as improve water quality.
- Implemented a pilot organics collection program in two distinct high-density communities to identify operational issues, gauge customer response, and quantify the waste diversion potential if the program were to be launched city-wide.
- Completed Phase I of III for Master Planning the California Nursery Historic Park, which included advertising an RFP, consultant selection, and historic assessment of the property.
- Substantial completion of the upgrade to one and establishment of two new group picnic facilities in Central Park to meet demand and increase rental revenues.
- Completed court resurfacing for courts #1-9 at the Fremont Tennis Center to extend the life of the courts and prevent cracks from resurfacing prematurely.
- In January 2014 the playground at Centerville Community Park was upgraded, which included the installation of two additional play elements, the removal of the existing surface and the installation of poured-in-place surfacing throughout the entire play area, thereby reducing the maintenance need of this playground by 100 hours annually.



- Completed design and construction of the Nature Learning Center Landscape at Central Park to incorporate green facilities and teaching opportunities into the Clean Water Program Classes with the use of rain barrels, compost bins, and a native plant garden. A community member donation provided 75% of the funding for this project.

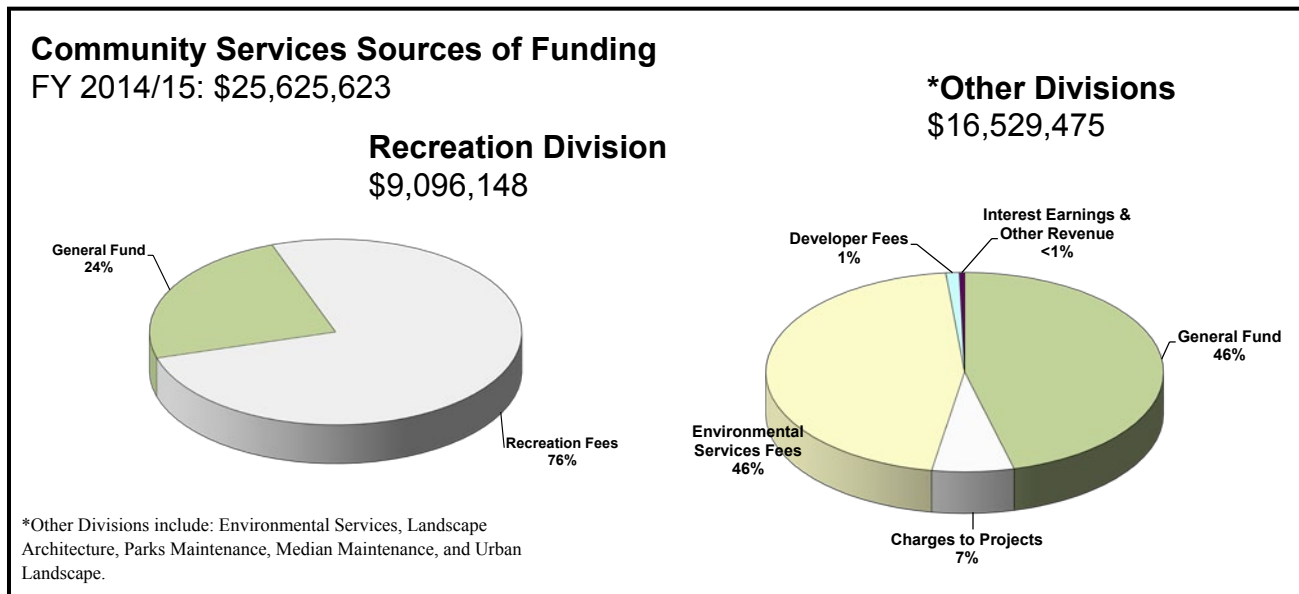
Objectives FY 2014/15

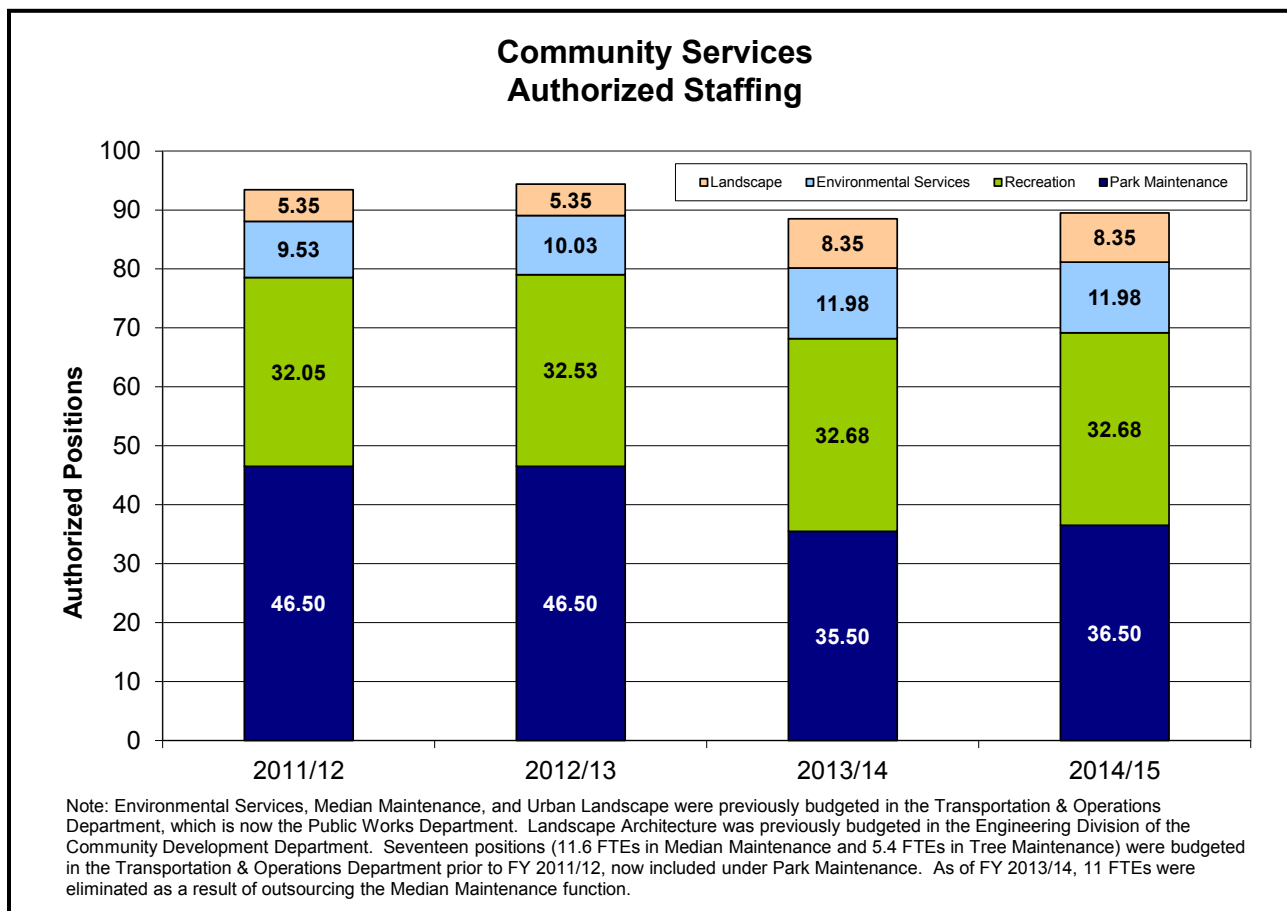
1. Complete court resurfacing for the 3 courts at Centerville Community Park to extend the life of the courts and prevent cracks from resurfacing prematurely.
2. Complete Phase II of III for Master Planning the California Nursery Historic Park, which includes community outreach and draft concept plans. Start Phase III of III, which includes completion of an Environmental Impact Report and final concept plan for the park.
3. Complete the rebid and construction of the Synthetic Turf Conversion project and parking lot for Nordvik Community Park. The turf conversion will increase use four-fold by allowing more games and less down time due to weather and wear on the turf, as well as provide a new soccer field overlay on the field. To accommodate the anticipated increased use, a new 27-car parking lot will be added.
4. Complete the rebid and construction of the Central Park Sand Volleyball Court to a multi-use hard court. This project will increase use by 2 to 3 times by adding courts designed for younger tennis players, as well as providing a multi-use court available for other sports such as futsal (small hard-court soccer) .
5. Complete design of the Northgate Community Park Cricket Batting Cages. Six cages will be built to support the active cricket use at this park. The cages will generate revenue and will be available to baseball users as well.
6. Install 200 trash capture devices in the City's storm drain catch basins to intercept litter before it reaches City's creeks and streams, thereby improving water quality in the City's waterways.
7. Expand the number of customers participating in the City's commercial organics program from 70 to 150 to increase the amount of food waste recycled and reduce the volumes disposed of in the landfill.

Department Budgets | Community Services

Performance Measurement

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Increase Recreation program and services registrants by 2% from previous year	27,000	27,540	28,800	29,376
Increase solid waste diversion rate	74%	75%	75%	75%
Increase number of creek clean-up participants	441	550	600	550
Increase volume of waste material collected during creek clean-up	5,850 lbs	8,500 lbs	4,500 lbs	N/A*
* Note this performance measure will no longer be reported.				





**Community Services
Historical Expenditures/Budget, by Category**

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Salaries & Benefits	\$ 10,247,290	\$ 9,862,043	\$ 10,321,660	\$ 10,487,482	\$ 10,471,832	\$ 11,779,998
Operating Expenditures	8,937,814	10,005,046	10,308,504	10,537,871	10,139,151	10,193,727
Capital Expenditures	103,368	62,921	215,334	191,227	177,797	114,797
Indirect Expense Allocation**	2,933,218	3,031,311	3,126,452	3,184,986	3,184,986	3,537,101
Totals	\$ 22,221,690	\$ 22,961,321	\$ 23,971,950	\$ 24,401,566	\$ 23,973,766	\$ 25,625,623

% increase/(decrease), including all funds, from FY 2013/14 Adopted Budget 6.9%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Department Budgets | Community Services

Major Changes

- The FY 2014/15 Community Services adopted budget is \$1,651,857 (or 6.9%) more than the FY 2013/14 adopted budget.
- Salaries and benefits are increasing by 12.5% due to staffing changes in the department with the addition of 1.0 FTE Parks/Landscape Manager, and changes in the CalPERS retirement benefit costs.
- Capital expenditures are decreasing by \$63,000 (35.4%) for one-time equipment purchases in FY 2013/14.
- The indirect expense allocation is increasing by 11.1% due to increases in the department's share of internal allocations.

Staffing by Function–FY 2014/15

Community Services			
Community Services Director		1.00	
Executive Assistant		1.00	
Park Maintenance			
Recreation Superintendent II	0.10		
Park Superintendent	0.80		
Urban Landscape Manager	0.40		
Parks/Landscape Manager	0.40		
<u>Central Park</u>			
Park Field Supervisor	1.00		
Park Maintenance Worker II	2.00		
Park Maintenance Worker I	5.00		
<u>North End Parks</u>			
Park Field Supervisor	1.00		
Park Maintenance Worker II	2.00		
Park Maintenance Worker I	3.00		
<u>South End Parks</u>			
Park Field Supervisor	1.00		
Park Maintenance Worker II	3.00		
Park Maintenance Worker I	4.00		
<u>Construction/Irrigation</u>			
Park Field Supervisor	1.00		
<u>Construction</u>			
Park Maintenance Worker II	1.00		
Park Maintenance Worker I	2.00		
<u>Irrigation</u>			
Park Maintenance Worker II	1.00		
Park Maintenance Worker I	1.00		
Urban Landscape			
<u>Tree</u>			
Park Superintendent	0.20		
Parks/Landscape Manager	0.60		
Park Field Supervisor	1.00		
Park Maintenance Worker II	2.00		
Park Maintenance Worker I	2.00		
<u>Median</u>			
Urban Landscape Manager	0.60		
Recreation			
<u>Administrative & Support Services</u>			
Recreation Superintendent II	2.80		
Management Analyst II	1.00		
Recreation Supervisor II	1.00		
Recreation Facility & Supply Worker	1.00		
Accounting Specialist II	0.75		
Office Specialist II	2.00		
<u>Park Visitor Services</u>			
Recreation Supervisor II	1.00		
Park Ranger	4.75		
Office Specialist II	1.00		
<u>Recreation Services</u>			
Recreation Supervisor II	5.00		
Recreation Supervisor I	5.00		
Water Park Operations Manager	1.00		
Water Park Revenue & Sales Mgr	1.00		
Tennis Operations Supervisor	1.00		
Tiny Tot Specialist	3.08		
<i>Program Staff - approx. 325*</i>			
Landscape Architecture			
Senior Landscape Architect	1.00		
Assoc. Landscape Architect	3.00		
Landscape Architect/Designer II	3.00		
Landscape Architect/Designer I	1.00		
Office Specialist II	0.35		
Environmental Services			
City Attorney	0.08		
Environmental Services Manager	1.00		
Solid Waste Administrator	1.00		
Recreation Superintendent II	0.10		
Environmental Specialist II	4.50		
Code Enforcement Officer II	0.75		
Environmental Specialist I	3.00		
Park Ranger	0.25		
Office Specialist II	1.00		

*Temporary positions not counted in full-time equivalents.

Regular Full-Time Equivalents: 89.51

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Economic Development

Mission:

To improve the community's economic base and quality of life by helping to create a dynamic local economy, with vibrant shopping/dining areas, and a diverse mix of industrial and technology uses.

Major Services

Business Development

Promote the expansion of existing business and attract new businesses to increase employment opportunities, enhance revenue, promote local opportunities, and create community gathering places.

Marketing

Create and implement an overall marketing strategy for the City as a quality place in which to do business, and proactively communicate with the business community to promote Fremont as a location of choice.

Analysis

Monitor key economic indicators and conduct specific analyses, including market demand, retail profile, demographics, land use, and target industry clusters to increase economic growth for the City's commercial and industrial areas.

Strategic Partnerships

Build relationships on a local and regional level, leverage existing resources, and make strategic connections between the public and private sectors to ensure that significant knowledge and resource transfer is taking place for the benefit of Fremont's business community.

Advance Key Economic Development Initiatives

Leverage significant planning efforts, including Downtown, Warm Springs/South Fremont, Fremont Innovation District to facilitate awareness and development momentum to strengthen the City's economic future.

Department Overview



The Office of Economic Development proactively works with the business community, real estate brokers, developers, and property owners to create a supportive environment for desired retail, office, and technology/industrial development. Much of the work to accomplish this is done through relationship

building, leveraging existing resources, and making strategic connections between the public and private sectors. Specific activities include conducting corporate site visits; trade show/industry event participation; implementing a progressive, multimedia marketing strategy; assistance with site selection, marketing, and permitting; and staffing the City's Economic Development Advisory Commission (EDAC). Furthermore, it serves as a liaison between property owners, developers, and City staff to ensure that development moves forward in a timely manner. The Office also works with regional development organizations to strengthen Fremont's position at the local, regional, and national levels, supporting the City Council's leadership position in economic development efforts.

Accomplishment Highlights FY 2013/14

- Promoted and facilitated advancement of key development opportunities and projects, including the following:
 - Warm Springs/South Fremont (the Union Pacific property north and south of Tesla, in particular)
 - Downtown
 - 152 acres formerly owned by Cisco Systems, south of Pacific Commons
 - The Crossings @ 880 (formerly known as Creekside)
 - Former Chevrolet dealership at Thornton Avenue and Interstate 880
 - Former Solyndra facilities
- Launched Fremont's Innovation District as a result of Fremont's Advanced Sustainable Technology (FAST) working group recommendations. Specific accomplishments include creation of the working group, defining the Innovation District geographic boundaries, development of a District brand and logo, and collaborating with property owners to identify event space.
- Enhanced Fremont's brand awareness in specific sectors (advanced manufacturing, clean technology, biotechnology) by active involvement in the Silicon Valley Manufacturing Roundtable, chairing the East Bay Economic Development Alliance's Advanced Manufacturing Committee, being a member of the Cleantech Open East Bay Advisory Committee, hosting Cleantech Open events, participation in the Department of Energy's Advanced Research Projects Agency-Energy (ARPA-E) conference, partnership with the East Bay Biomedical Manufacturing Network, and organizing/hosting events focused on specific topics, including venture capital access and business-to-business opportunities.

- Implemented a strategic communications strategy through partnership with The Hoffman Agency to refine Fremont's narrative and improve perception as a choice location for technology businesses, including significantly increased social media activity (Twitter, LinkedIn, Facebook), creation and management of a new digital property and companion blog for the business audience, and content development for more targeted media outreach.
- Achieved significant progress in retail attraction to strategic opportunities in Downtown, Pacific Commons, and neighborhood districts. New (and proposed) major retailers include Whole Foods, The Smoking Pig, The Counter Burger, Pieology, TJ Maxx/Home Goods, The Habit, Buffalo Wild Wings, Dick's Sporting Goods, and Chick-Fil-A.

Objectives FY 2014/15

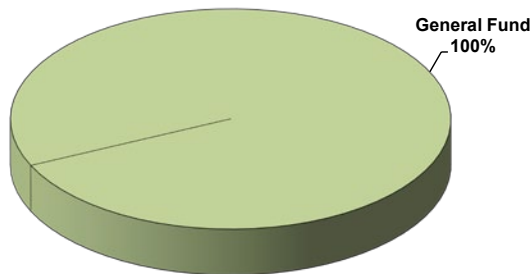
1. Leverage significant planning efforts in Warm Springs by aggressively marketing the development opportunity of key sites to development community and targeted industries, completing a hotel demand analysis and implementing subsequent recommendations, and coordinating a working group to advance the design of a shuttle bus program to serve as an employment amenity in Warm Springs and Bayside.
2. Continue to support and attract businesses in targeted sectors locally, domestically, and internationally. Specific activities include continued growth of retention-focused Business Appreciation Program; increased international collaborations and marketing; and partnering with organizations and initiatives such as Cleantech Open, Manufacturing Week, Bio International Convention, East Bay Biomedical Manufacturing Network, Sustainable Silicon Valley, and Society of Manufacturing Engineers to host industry events in or focused on Fremont.
3. Advance development of Fremont's Innovation District through creation of scope/design for District signage, increased outreach to District property owners in an effort to identify events space and a potential Innovation District 'Welcome Center', and additional promotion on www.thinksiliconvalley.com and in the marketing materials of other stakeholders (i.e., real estate brochures).
4. Expand small business support program through 'Business District Walks', offering City teams, in partnership with the Fremont Chamber of Commerce, the opportunity to interact with a variety of businesses in the different districts and to promote City services.
5. Continue to address business growth impediments identified in Fremont's 2013 Innovation Scorecard including:
 - a. VC Funding/Awareness
 - b. Workforce Development
 - c. State and Federal Regulation/Resources Facilitation
 - d. Facilitation of International Growth Opportunities

Department Budgets | Economic Development

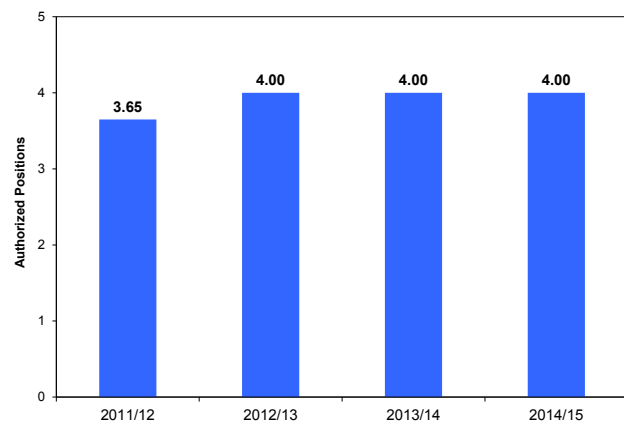
Performance Measurement

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Percentage of community survey respondents satisfied or very satisfied with Economic Development efforts in the City ⁵	N/A	60%	66%	68%
Percentage of major stakeholders/clients that rank their experience with Economic Development as “very good” or “excellent” ⁶	N/A	80%	100%	90%
Number of business appreciation visits and establishment of baseline for percentage of visits that lead to subsequent follow-up/interaction with City	N/A	30 Businesses	38 Businesses	36 Businesses
⁵ Baseline survey result from the 2012 community survey was 56%. ⁶ Based on a 2014 survey sent to major stakeholders of the Economic Development Department during FY 2013/14.				

**Economic Development
Sources of Funding**
FY 2014/15: \$1,043,487



**Economic Development
Authorized Staffing**



Department Budgets | Economic Development

Economic Development Historical Expenditures/Budget, by Category

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Salaries & Benefits	\$ 573,528	\$ 609,500	\$ 684,958	\$ 685,958	\$ 683,721	\$ 700,713
Operating Expenditures	221,913	204,435	213,621	213,271	203,227	243,227
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	78,654	77,790	90,861	90,861	90,861	99,547
Totals	\$ 874,095	\$ 891,725	\$ 989,440	\$ 990,090	\$ 977,809	\$ 1,043,487

% increase/(decrease), including all funds, from FY 2013/14 Adopted Budget 6.7%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes

- The FY 2014/15 Economic Development adopted budget is \$65,678 (or 6.7%) more than the FY 2013/14 adopted budget.
- Operating expenditures are increasing by 19.7% mainly due to increase in contractual costs and other department expenses.
- The indirect expense allocation is increasing by 9.6% due to increases in the department's share of internal allocations.

Staffing by Function—FY 2014/15

Economic Development

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Economic Development Director	1.00
Economic Development Manager	1.00
Economic Development Coordinator	1.00
Economic Development Specialist	1.00

Regular Full-Time Equivalents: 4.00

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Fire

Mission:

To prevent and minimize the loss of life and property threatened by the hazards of fire, medical and rescue emergencies, hazardous materials incidents, and disaster situations within the community.

Major Services

Emergency Response

Provide rapid delivery of emergency services by maintaining rapid response times, to increase the likelihood of preserving life and property.

Emergency Services

Provide an innovative paramedic program, Special Operations Task Force, Urban Search and Rescue services, and enhanced emergency response as part of the Metropolitan Medical Response System.

Fire Prevention and Hazardous Materials Management

Provide fire and life safety code inspection and hazardous materials management services to the community.

Disaster Preparation

Provide ongoing preparedness training to City staff and Fremont residents to respond to human-caused and natural disaster events.

Training

Develop and train a well-qualified and professional workforce to maintain proficiency in high-risk, low frequency operations.

Department Overview

The Fire Department is responsible for providing the rapid delivery of fire, medical, rescue and life safety emergency services within Fremont. Emergency services are delivered through 12 in-service fire companies from 11 (although one is currently closed but is scheduled to be opened in January 2015) strategically located fire stations in the City with the primary goals of reducing casualties and the loss of life, improving patient outcomes, reducing property loss and damage, effecting successful extrications of trapped victims, and protecting the environment from the effects of hazardous materials release. In calendar year 2013, the Fire Department responded to 13,449 calls for service, generating 16,288 engine and truck company runs.

Department Budgets | Fire

Fire Historical Expenditures/Budget, by Major Service Area

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Operations/Emergency Medical Service	\$ 26,493,274	\$ 26,235,073	\$ 27,239,179	\$ 27,200,467	\$ 27,056,697	\$ 30,085,846
Administration	4,705,925	4,307,116	5,203,432	5,210,496	5,087,078	5,664,685
Prevention	1,303,577	1,271,895	1,396,244	1,427,892	1,412,498	1,417,414
Disaster Preparedness	641,143	222,517	471,338	471,338	94,000	184,230
Total Fire	\$ 33,143,919	\$ 32,036,601	\$ 34,310,193	\$ 34,310,193	\$ 33,650,273	\$ 37,352,175

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Accomplishment Highlights FY 2013/14

- Worked with Human Resources to recruit, hire, and train firefighters to fill forecasted vacancies. Conducted a 4-month Fire Academy for new hires to ensure prospective firefighters meet the Department's standard of excellence.
- Utilizing grant and program funding, purchased a new software solution to optimize the use of the California Electronic Reporting System (CERS) program and move towards performing a portion of hazardous materials and fire prevention inspections using mobile devices.
- Adopted the 2013 California Fire and allied Codes. The Fire Department worked with the Community Development Department to amend and adopt the California Fire, Building and related Codes. Our local amendments are based on unique climatic, geologic, and topographic conditions and seek to provide a minimum level of fire and life safety throughout Fremont. Several key Fire amendments maintain our sprinkler and alarm provisions, re-designate our Wildland-Urban Interface areas and update our Hazardous Materials provisions.
- Began Productivity Reporting to reflect the tracking of Records Management Systems (RMS) Incident Reports, Training Records, Target Solutions, Electronic Patient Care Reports (e-PCR) and Company Inspections.
- Utilizing Urban Area Security Initiatives (UASI) Grant funds, purchased the Mobile Command Unit. The command vehicle will be shared by Fire and Police as an incident command center and a back-up dispatch center.



Objectives FY 2014/15

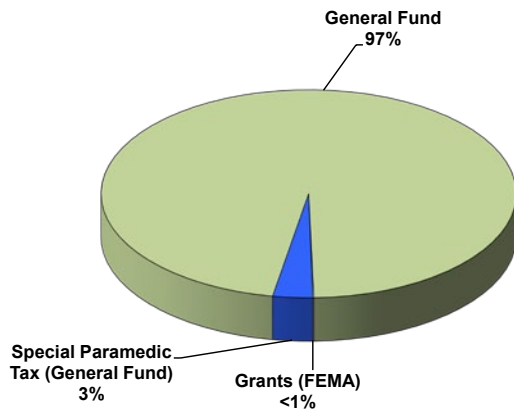
1. Fully implement the Lexipol Knowledge Management System by the summer of 2014, which tracks and updates department policies for compliance with State and federal law, court decisions, and best management practices.
2. Begin implementation of and transition to new Certified Unified Program Agency (CUPA)/ HazMat program software system and evaluate it for expanded use within the Fire Prevention programs as well.
3. Implement a new Fire Investigations program which provides dedicated personnel and resources to investigate the cause, origin, and circumstances of any fire, explosion, or other hazardous condition.
4. Re-open Fire Station No. 11 and restore service to District 11.
5. Work with Human Resources to recruit, hire, and train firefighters to fill forecasted vacancies. Conduct a 4-month Fire Academy for new hires to ensure prospective firefighters meet the Department's standard of excellence.

Performance Measurement

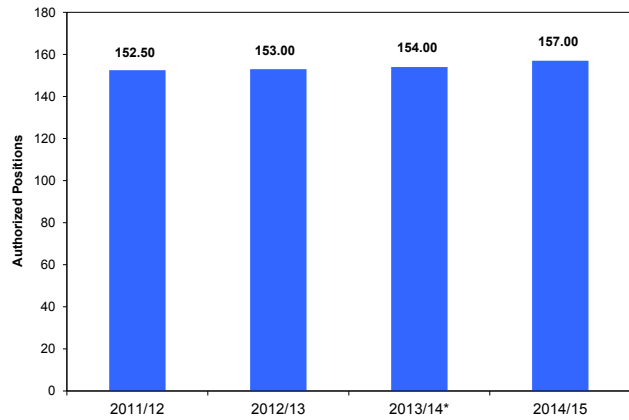
Measure	FY 2012/13 Actual	FY 2013/14 Target*	FY 2013/14 Estimated Actual*	FY 2014/15 Target*
Percent of time first unit arrives at emergency scene six minutes, forty seconds (6:40) from 9-1-1 call	N/A	90%	82%	90%
Percent of time all units arrive at emergency scene (structural fire) eleven minutes, twenty seconds (11:20) from 9-1-1 call	N/A	90%	52%	90%
Provide sufficient amount of quality training to maintain operational readiness	N/A	20 hours per person per month	32.5 hours per person per month	20 hours per person per month
Provide sufficient amount of quality training to maintain required licenses and certifications	N/A	Required licenses and certifications 100% compliance	Met this measure with 100% compliance	Required licenses and certifications 100% compliance
Percent of inspections of State Fire Marshal (SFM) regulated occupancies	N/A	Complete inspections of 50% of SFM regulated occupancies in a given year	Met this measure with 100% compliance	Complete inspections of 50% of SFM regulated occupancies in a given year
Percent of inspections of permitted Hazardous Materials (Haz Mat) facilities	N/A	Complete 33% of Haz Mat Facility and 100% of Underground Storage Tank (UST) inspections in a given year	Completed 25% of Haz Mat Facility and 100% Underground Storage Tank (UST) inspections	Complete 33% of Haz Mat Facility and 100% of Underground Storage Tank (UST) inspections in a given year

* Data tracked on a calendar basis.

Fire Sources of Funding FY 2014/15: \$37,352,175



Fire Authorized Staffing



*Total number of positions anticipated at the end of June 2014.

Fire Historical Expenditures/Budget, by Category

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Salaries & Benefits	\$ 28,136,592	\$ 27,887,453	\$ 28,895,899	\$ 29,016,312	\$ 28,948,519	\$ 31,223,300
Operating Expenditures	1,751,631	1,200,863	1,968,508	1,857,670	1,518,853	1,850,735
Capital Expenditures	302,844	112,216	454,530	444,955	191,645	836,195
Indirect Expense Allocation**	2,952,852	2,836,069	2,991,256	2,991,256	2,991,256	3,441,945
Totals	\$ 33,143,919	\$ 32,036,601	\$ 34,310,193	\$ 34,310,193	\$ 33,650,273	\$ 37,352,175

% increase/(decrease), including all funds, from FY 2013/14 Adopted Budget 11.0%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Department Budgets | Fire

Major Changes

- The FY 2014/15 Fire Department adopted budget is \$3,701,902 (or 11.0%) more than the FY 2013/14 adopted budget.
- Salaries and benefits are increasing by 7.9%, due to the additions of sworn fire personnel to address the Unmet Needs, and increases in the CalPERS retirement benefit costs.
- Operating expenditures are increasing by 21.9%, mainly due to increases in the Fire Dispatch contract, EBRCSA costs, and materials for a new Fire Academy.
- Capital expenses are increasing by 336.3%, for the purchase of self-contained breathing apparatus (SCBA), auto pulse boards, and turnouts.
- The indirect expense allocation is increasing by 15.1% due to increases in the department's share of internal allocations.

Staffing by Function–FY 2014/15

Fire			
Fire Chief's Office			
Fire Chief		1.00	
Emergency Services Coordinator		1.00	
Operations		Fire Prevention	
Division Chief	2.00	Fire Marshal	1.00
Deputy Fire Chief	1.00	Deputy Fire Marshal	1.00
Battalion Chief	6.00	Haz Mat Technician	3.00
Fire Captain	39.00	Senior Code Enforcement Officer	1.00
Fire Engineer	41.00	Code Enforcement Officer	2.00
Firefighter	44.00		
Emergency Medical Services/Training		Administration/Personnel	
Division Chief	1.00	Business Manager	1.00
Deputy Fire Chief	1.00	Senior Executive Assistant	1.00
Clinical Nurse Educator	1.00	Senior Accounting Specialist	1.00
Fire Captain	2.00	Administrative Assistant	2.00
		Senior Office Specialist	3.00
		Office Specialist I	1.00

Regular Full-Time Equivalents: 157.00

Human Services

Mission:

To support a vibrant community through services that empower individuals, strengthen families, encourage self-sufficiency, enhance neighborhoods, and foster a high quality of life.

Major Services

Youth and Family Services

Promote healthy children by providing family-focused mental health services that improve social-emotional well-being, strengthen family relationships, reduce delinquency, and increase school achievement.

Family Resource Center

Co-locate 27 State, County, City and non-profit agencies to create a "one-stop," welcoming place where families are provided quality services and encouraged to build on their strengths to help themselves and others.

Aging and Family Services

Promote an aging-friendly community by providing a continuum of services to help elders remain independent, safe, and in their own homes.

Mobility and Transportation Services

Provide mobility and transportation options for seniors and persons with disabilities that improve access to community services and activities, decrease social isolation, and promote independent living.

City and Federal Grant Administration

Administer the City's social service and various federal grant funds, which help sustain the vitality of the City's social service safety net infrastructure.

Department Budgets | Human Services

Department Overview

The Human Services Department delivers and supports services by forging long-term community partnerships; engaging with and building the capacity of the community to do its own problem-solving; and leveraging financial and volunteer resources. The department's nationally and internationally recognized services support thousands of residents throughout their life course, from infants to elders. In addition, youth services provided by the department stimulate healthy development and lifestyle choices. Services for families help them navigate crisis situations and become economically successful. Services for older adults and their families help them maintain independence and involvement in the community.

Human Services
Historical Expenditures/Budget, by Major Service Area

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Family Resource Center	\$ 2,340,737	\$ 2,544,056	\$ 2,785,680	\$ 2,846,918	\$ 2,801,885	\$ 3,122,940
Youth and Family Services	2,037,281	1,977,078	2,154,808	2,320,954	2,290,954	2,329,266
Aging and Family Services	2,854,045	2,972,737	2,820,260	3,007,307	3,004,307	3,096,581
CDBG/HOME/SHP	1,956,071	1,451,890	2,478,351	2,909,917	2,322,894	2,401,249
Paratransit	1,050,514	893,589	1,257,631	1,238,985	1,218,985	1,596,759
Administration	1,667,778	1,629,075	1,833,009	1,902,269	1,889,802	1,940,491
Social Services Grants	482,705	418,470	473,770	473,770	473,770	482,345
Total Human Services	\$ 12,389,131	\$ 11,886,895	\$ 13,803,509	\$ 14,700,120	\$ 14,002,597	\$ 14,969,631

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Accomplishment Highlights FY 2013/14

- Through the Human Relations Commission, on October 26, 2013, the City sponsored the most successful Make a Difference Day event to date, with over 1,400 volunteers participating in 99 projects.



- Held the Four Seasons of Health Expo in Central Park. Over 2,000 visitors had access to 100 vendors representing health care, government, not-for-profit services, transportation, and private businesses. Visitors heard presentations on brain health and upcoming changes in health care, and participated in activities, such as yoga and Zumba.
- Served over 300 low income individuals through SparkPoint Fremont FRC, assisting them to build assets and reach their financial goals. 70% of measurable clients made significant progress toward their goals.

- Launched a specialized Chinese Parenting Education program called Bridges to Behavioral Health for Chinese Youth and Families. Through a Kaiser Community Foundation grant the program is focused on delivering culturally responsive education and resources delivered in various locations across the city and school district, as well as through a multi-media public awareness campaign.

Service Delivery Changes FY 2014/15



- As part of the implementation of national health care reform, low income seniors will transition to managed care health plans. The department anticipates it will receive an influx of calls and concerns regarding these changes. Some of the department's older adult support services' contracts have already been directly affected by reforms, and staff will continue to work to minimize disruption to seniors served through these programs.

Objectives FY 2014/15

1. As part of a \$200,000 innovation grant from Alameda County Behavioral Health Care Services, the department will launch a senior mental health peer counseling program.
2. Continue to coordinate a comprehensive SparkPoint program at the Fremont Family Resource Center. SparkPoint commits to working with clients for up to three years to improve their credit, increase their income, and build their assets. The program's FY 2014/15 goal is to serve 350 participants. Of the 350 served, 105 will complete baseline and follow-up forms that enable tracking of progress over time. Of the 105 longer term clients served, 70% (74) will achieve economic mobility, evidenced by a 30% improvement in one of the following key SparkPoint metrics: credit score, lower debt-to-income ratio, income, or savings.
3. Increase the financial assets of low income families through the FRC's VITA program by helping 2,400 low-income households claim a total of \$1,230,000 in Earned Income Tax Credits (EITC) in 2015. 10% of all VITA customers will participate in at least one additional asset building activity such as opening a savings account, purchasing a savings bond, participating in a Peer Lending Circle, becoming a SparkPoint member or working with a financial coach.
4. Offer in-person application assistance during Open Enrollment for Covered California for any family seeking assistance to enroll.

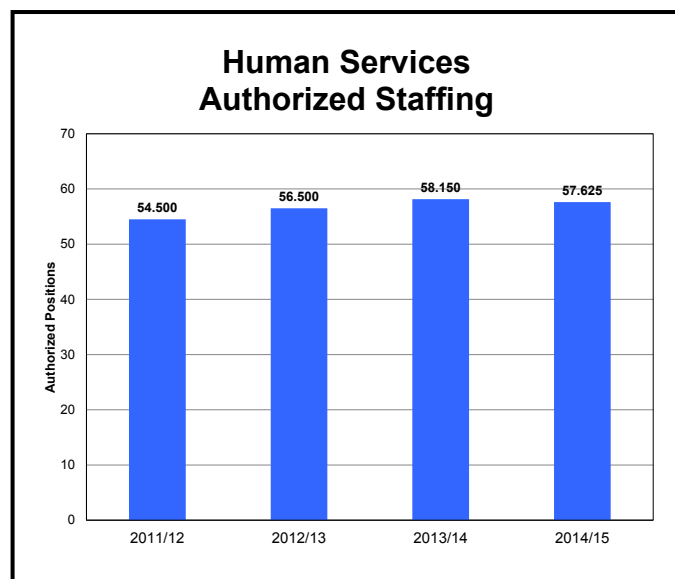
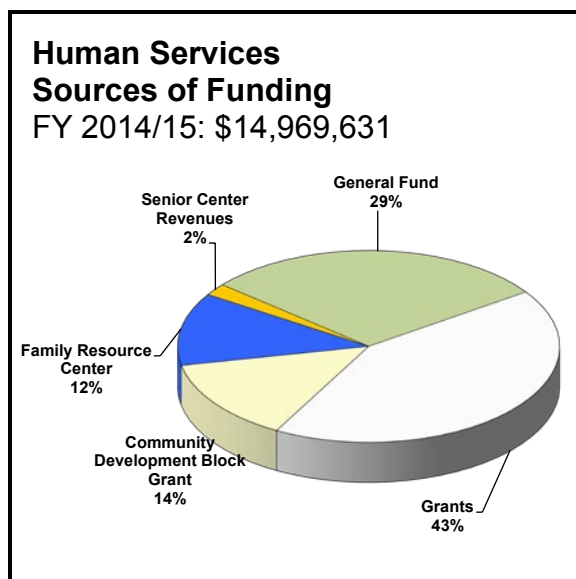
Department Budgets | Human Services

Performance Measurement

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Percent of Long-term SparkPoint Clients achieving economic mobility ¹⁰	N/A	65%	75%	65%
Percent of senior clients that improve their understanding of how to take their medication ¹¹	N/A	75%	92%	75%

¹⁰ Long-term SparkPoint clients will improve in one of 4 SparkPoint metrics (Higher Credit Score, Lower Debt to Income Ratio, Higher Income or Higher Savings) by at least 5%.

¹¹ As measured by a pre and post test administered by a public health nurse.



Human Services
Historical Expenditures/Budget, by Category

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Salaries & Benefits	\$ 6,625,107	\$ 6,840,233	\$ 7,315,628	\$ 7,550,592	\$ 7,533,040	\$ 7,698,313
Operating Expenditures	4,633,154	3,159,288	4,582,619	5,797,964	5,121,822	5,710,942
Capital Expenditures	7,485	4,484	558,139	40,000	40,000	15,000
Indirect Expense Allocation**	1,123,385	1,882,890	1,347,123	1,311,564	1,307,735	1,545,376
Totals	\$ 12,389,131	\$ 11,886,895	\$ 13,803,509	\$ 14,700,120	\$ 14,002,597	\$ 14,969,631

% increase/(decrease), including all funds, from FY 2013/14 Adopted Budget 6.9%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Note: The HOME grant is included the Human Services Department, in the prior years, it is displayed in the former Redevelopment Agency's budget.

Major Changes

- The FY 2014/15 Human Services adopted budget is \$967,034 (or 6.9%) more than the FY 2013/14 adopted budget.
- Operating expenditures are increasing by 11.5% primarily due to a land purchase using CDBG funds for Habitat for Humanity.
- Capital expenditures are decreasing by \$25,000 (or 62.5%) primary due to lower anticipated capital costs at the Family Resources Center.
- The indirect expense allocation is increasing by 18.2% due to increases in the department's share of internal allocations.

Department Budgets | Human Services

Staffing by Function–FY 2014/15

Human Services			
	Human Services Director	1.00	
	Deputy Director	1.00	
	Executive Assistant	1.00	
	Office Specialist II	1.00	
<hr/>			
Youth and Family Services			
Family Services Administrator	1.00		
Clinical Supervisor	2.00		
Senior Program Coordinator	2.00		
Counselor	9.10		
Senior Accounting Specialist	1.00		
Administrative Assistant	1.00		
Office Specialist II	1.00		
<i>Counseling Interns*</i>			
Family Resource Center			
Family Services Administrator		1.00	
Clinical Supervisor		1.00	
Program Coordinator		2.00	
Case Manager		3.70	
Counselor		1.00	
Senior Office Specialist		1.00	
Office Specialist II		1.50	
<i>Public Service Assistant*</i>			
<hr/>			
CDBG Services			
CDBG Administrator	1.00		
Management Analyst II	1.00		
Senior Accounting Specialist	1.00		
Paratransit			
Management Analyst II	1.00		
Senior Office Specialist	1.00		
<i>Outreach Workers*</i>			
Aging and Family Services			
Family Services Administrator		1.00	
Senior Supportive Services			
Clinical Supervisor		2.00	
Senior Program Coordinator		1.80	
Program Coordinator		1.00	
Case Manager		5.425	
Counselor		2.30	
Administrative Assistant		1.00	
Senior Office Specialist		1.00	
<i>Outreach Workers*</i>			
Senior Center			
Senior Center Manager		1.00	
Program Coordinator		1.00	
Senior Office Specialist		1.00	
Chef/Food Services Manager		1.00	
Assistant Chef		0.80	
<i>Public Service Assistants*</i>			
<hr/>			
<i>*Temporary positions not counted in full-time equivalents</i>			

Regular Full-Time Equivalents: 57.625

Police

Mission:

Public safety through professional law enforcement.

Major Services

Patrol

Respond to calls for police assistance, maintain order, identify and apprehend known and suspected law violators, and seek long-term solutions to problems and issues important to the community.

Investigation

Investigate serious felony crimes such as homicide, robbery, sex crimes, child abuse, kidnapping, burglary, and assault.

Traffic Enforcement

Investigate serious collisions and enforce the vehicle code to control violations known to cause collisions.

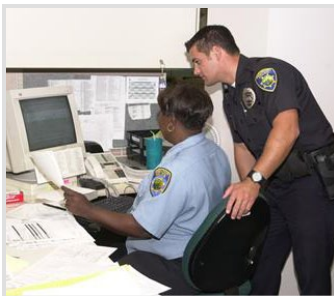
9-1-1 Emergency Services

Communicate with individuals in peril and coordinate first responders to preserve life and property.

Animal Control

Respond to animal-related calls for service in Fremont, operate the Tri-City Animal Shelter, facilitate adoption outreach and support, provide animal spay/neuter services, license pets, and control rabies.

Department Overview



The Police Department is responsible for safeguarding lives and property, and enhancing public safety. Protective services include 9-1-1 response, traffic and law enforcement, crime trend analysis, crime investigation and prevention, and Special Weapons and Tactics (SWAT) operations. Furthermore, the Police Department operates the School Resource Officer program, community engagement, detention facility operations, and animal control/shelter services. Emergency services are provided 24 hours a day, 7 days a week.

Accomplishment Highlights FY 2013/14

- Completed one full year of “Operation Sentinel,” a focused effort to identify, locate, apprehend, and prosecute those offenders responsible for committing the most residential burglaries in our City. We arrested 23 identified offenders during the first six months of Operation Sentinel and experienced a 27% reduction in residential burglaries from 2012 to 2013.
- Modified call handling procedures for residential burglaries, including suspicious persons and vehicles in residential neighborhoods, which has improved our overall response time to these incidents by 46% from the January-June 2013 to July-December 2013.



- In cooperation with the Fire Department, configured, ordered, secured funding for, and took delivery of a state-of-the-art, modern mobile command vehicle to be used as a mobile emergency communications center and as a tactical command center for fire and police field operations. We anticipate our mobile command vehicle will be the first ever mobile 911 answering point.
- Implemented a comprehensive strategic plan for the Traffic Unit, which includes conducting high-visibility/focused enforcement in high collision areas and school zones, partnering with Patrol personnel as a force multiplier, and embracing social media as a means for education and information sharing.
- Successfully transitioned onto the East Bay Regional Communications System Authority (EBRCSA), a P-25 compliant communications system which provides fully interoperable communications to public agencies within Alameda and Contra Costa counties.
- Streamlined our Police Officer hiring process to increase efficiency. As part of our efforts to recruit and hire the best candidates, we also reinstituted our Recruitment Committee, created a new Recruiting Officer position assigned to the Personnel Unit, and increased our marketing efforts. During 2013, we hired 11 sworn police officers and 10 professional employees.
- Helped lead Alameda County in identifying funding and developing the mechanism for joining a comprehensive data sharing platform, which will allow us access to criminal information from throughout the state.
- Established a new graffiti abatement program, utilizing volunteers to paint over unsightly graffiti in a timely manner. In less than six months, our volunteers have covered over 3400 items of graffiti. This pilot program has been so successful, we will be continuing it into the next fiscal year.

Objectives FY 2014/15

1. Continue utilizing the successful strategies designed to reduce residential burglaries and further refine and expand our efforts to potentially reduce the incidence of other related crimes, such as street robberies and vehicle thefts.
2. Continue utilizing the comprehensive strategic plan for the Traffic Unit which includes conducting high-visibility/focused enforcement in high collision areas and school zones, partnering with Patrol personnel as a force multiplier, and embracing social media as a means for education and information sharing to potentially reduce injury collisions.
3. Expand our existing Patrol Division training matrix to include additional training needs throughout the department and continue our efforts to identify core competencies for each specific job classification or assignment. Next steps include convening committees of subject matter experts, supervisors, and personnel in specific job classifications and assignments to identify core competencies and associated training needs. We will also explore and test software applications necessary to accurately track this continually changing document and evaluate specific courses and training providers to utilize only the most beneficial training.
4. Continue our partnership with other agencies in Alameda County and Contra Costa counties to complete our move toward joining a comprehensive data sharing platform. Implementation will facilitate identification of criminals and monitoring of realignment offenders.
5. Finalize an agreement with the City of Union City to provide dispatch services for their police department. Once a contract is fully executed, we anticipate assuming dispatch services as early as the end of FY 2014/15.
6. Continue to study and develop recommendations for a community based video system. Implementation will increase our ability to rapidly identify suspects and suspect vehicles involved in criminal activity in our city.
7. Partner with the Fire Department to expand our existing Tactical Emergency Medical Support (TEMS) program beyond Special Weapons and Tactics (SWAT) Team operations by establishing a protocol for providing emergency medical care in broader operating environments.

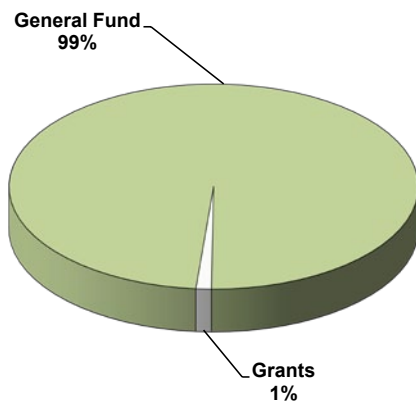
Performance Measurement

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Continue to apply the strategies, tactics, and methods used to sustain or further reduce the incidence of burglaries	N/A	<1173	944	≤944
Minimize the number of injury collisions as compared to the previous year	N/A	<595	686 ¹³	<686
Percent of Police Department for which a comprehensive core competency training matrix is developed and an assessment is performed	N/A	TBD ¹²	TBD	TBD ¹²

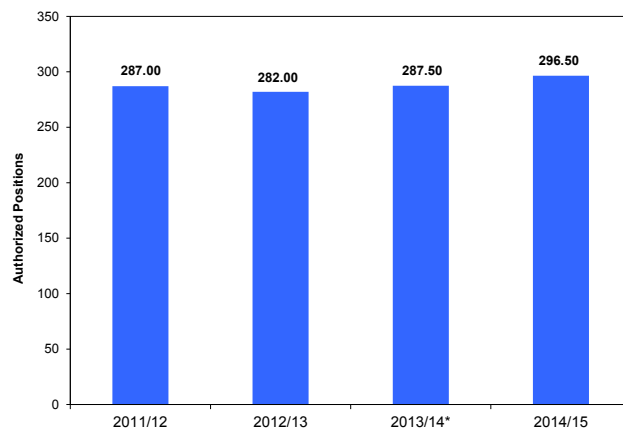
¹² This is a new initiative with many complex facets that need to be completed before a target can be developed.

¹³ Changes in the way injury collision data was being collected resulted in a higher actual for FY2013/14 than was originally projected when creating the target for FY2013/14 (target should have been 658 instead of 595).

Police Sources of Funding
FY 2014/15: \$61,824,147



Police Authorized Staffing



Police
Historical Expenditures/Budget, by Category

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Salaries & Benefits	\$ 43,613,563	\$ 43,212,217	\$ 45,514,544	\$ 47,842,846	\$ 47,605,571	\$ 50,201,253
Operating Expenditures	3,263,831	3,507,761	3,964,228	3,321,152	3,234,867	3,901,152
Capital Expenditures	156,007	315,119	416,385	160,007	104,000	118,500
Indirect Expense Allocation**	6,829,113	6,389,017	6,774,140	6,774,140	6,774,142	7,603,242
Totals	\$ 53,862,514	\$ 53,424,114	\$ 56,669,297	\$ 58,098,145	\$ 57,718,580	\$ 61,824,147

% increase/(decrease), including all funds, from FY 2013/14 Adopted Budget 7.1%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes

- The FY 2014/15 Police Department adopted budget is \$4,105,567 (or 7.1%) more than the FY 2013/14 adopted budget. Police Department staffing has increased by 9.0 FTE. This is the result of adding 3.0 FTE Police Officer position, 2.0 FTE of Communication Dispatch Supervisor, and 4.0 FTE of Communication Dispatch.
- Salaries and benefits are increasing by 5.5%. This is due to a combination of adding additional Officers to address the Unmet Needs, increases to the dispatch personnel for the Police Dispatch consolidation, and changes in the CalPERS retirement benefit costs.
- Operating expenditures are increasing by 20.6% due to increased costs associated with EBRCSA, a corresponding increase in supplies for additional staff, and changes in contractual expenses.
- Capital expenditures are increasing by \$14,500 (13.9%). This expenditure category fluctuates depending on equipment purchase needs.
- The indirect expense allocation is increasing by 12.2% due to increases in the department's share of internal allocations.

Public Works

Mission:

To create a safe and thriving community by providing the highest quality Public Works Services valued by all.

Major Services

Engineering

Plan, review, design, construct, and provide inspection services for public and private land use and transportation projects to move and connect people and businesses in our community.

Maintenance of City Assets

Preserve, enhance, maintain and improve safety on capital assets, through the maintenance of City streets, public buildings, and vehicles.

Department Overview

The Public Works Department is comprised of Maintenance Services and Engineering. Public Works is responsible for the daily maintenance and upkeep of City infrastructure, design and construction of new or improved public facilities, managing a safe and efficient citywide transportation network, and the expedient review of development projects in accordance with the



Fremont Municipal Code and standards. Department services are integral to the design and construction of the Downtown project and infrastructure planning for the future development of the Warm Springs/South Fremont area. Public Works also partners with regional transportation agencies to ensure Fremont's interests are considered in major regional projects such as the BART extension to Warm Springs and Silicon Valley/Santa Clara County, the Mission/Warren/Truck Rail project, and the Kato Road Grade Separation project.

Department Budgets | Public Works

Public Works Historical Expenditures/Budget, by Major Service Area

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Hazardous Materials	\$ 282,268	\$ 313,219	\$ 368,208	\$ 450,184	\$ 356,343	\$ 361,260
Streets	4,369,272	3,547,909	3,954,615	3,972,851	3,961,985	3,886,598
Public Buildings	5,218,932	5,319,274	5,745,575	5,871,415	5,818,333	6,000,844
Fleet Maintenance	2,805,436	3,035,633	3,061,847	2,992,797	2,973,881	3,040,796
Engineering	6,368,852	5,973,008	8,493,575	9,235,411	9,152,690	10,327,749
Transportation Engineering	2,156,475	2,003,155	-	-	-	-
Administration	1,414,029	1,184,632	1,389,997	1,388,156	1,346,220	1,447,907
Total Transportation & Operations	\$ 22,615,264	\$ 21,376,830	\$ 23,013,817	\$ 23,910,814	\$ 23,609,452	\$ 25,065,154

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Note: Prior to FY 2006/07, the budget for Transportation Engineering was displayed as part of the "Engineering" budget in the Community Development Department. Prior to FY 2011/12, the budget for Engineering was displayed as part of the "Engineering" budget in the Community Development Department. In FY 2013/14, Transportation Engineering is combined with Engineering.

Accomplishment Highlights FY 2013/14

- Completed \$3.8 million of pavement maintenance work (cape and slurry seal) and \$5.8 million of pavement rehabilitation work (repair of damaged pavement) throughout the city.



- Complete the right of way acquisitions needed for the Warm Springs Boulevard Widening Project (PWC8498) and the Mission Boulevard sidewalk and landscape project (PWC8663).
- Awarded a \$5.8 million Federal grant for the Capitol Avenue extension from Fremont Boulevard to State Street and obtained National Environmental Policy Act (NEPA) clearance for the construction project.
- Completed the sale of a one acre surplus property located at 4369 Central Avenue to Habitat for Humanity at \$542,000 for development of affordable housing units. Expected to close a sale by the end of the fiscal year for a 4.55 acre surplus property located at 37350 Sequoia Road at the property's fair market value to an affordable housing sponsor.
- In the process of selling three surplus properties (3723 Darwin, 3393 Washington Boulevard and 37645 Second Street). The sale of these properties is expected to close before the end of the fiscal year.

- Successfully completed and closed out 36 capital projects, returning over \$830,000 to the capital improvement program accounts and other funds based on project savings.
- Completed construction of a federally-funded roadway safety improvement project on Mowry Avenue at Overacker Avenue that improves road alignment and safe guiding of vehicular traffic.
- Completed construction of an intersection improvement project at Paseo Padre Parkway/Kearney Street that improves safety and vehicular channelization at the intersection.
- Continued to make improvements to public facilities through Heating Ventilation and Air Conditioning (HVAC) programming modifications, system change outs, and upgrades to more energy efficient equipment to reduce energy usage across City facilities.
- Successfully partnered with Comverge to take part in energy rebate program. This partnership has resulted in cost savings and rebate reimbursement as recognition for successful energy savings efforts during demand response days.
- Coordinated the sign and monument installation for the renaming of police building to the Robert Wasserman Fremont Police Center. Through the efforts of staff, the manufacturing and installation of the sign and monument were completed on time and were displayed for the dedication ceremony.

Objectives FY 2014/15

1. Prepare the five remaining surplus properties (Palm Avenue, Stevenson Place, Pickering, Decoto Road, and Isherwood) for sale.
2. Construct the \$11 million Niles Bridge Replacement Project to meet the latest seismic requirements. The project is funded through federal and Proposition 1B funds.
3. Construct the Capitol Avenue extension project from Fremont Boulevard to State Street and design the pedestrian improvements to improve access from the BART station to the Downtown area.
4. Bid and construct the Warm Springs Widening Project between Reliance Way and Mission Boulevard. This \$5 million project will widen the street to accommodate the increased traffic demand that is anticipated due to the future Warm Springs/South Fremont BART station, and will also install sidewalks and bike lanes for improved pedestrian and bicycle safety and accessibility.
5. Complete design and bid street widening and improvements to Fremont Boulevard, from south of Cushing Parkway to Warren Avenue, in preparation for the future extension of Fremont Boulevard to Milpitas.
6. Complete \$4.5 million of pavement maintenance work (cape and slurry seal) and \$6.0 million of pavement rehabilitation work (repair of damaged pavement) throughout the city.
7. Complete the design, bid, and construct of two federally-funded intersection improvement projects at Fremont Boulevard/Eggers Drive and at Fremont Boulevard/Alder Avenue to improve pedestrian and bicyclist safety.

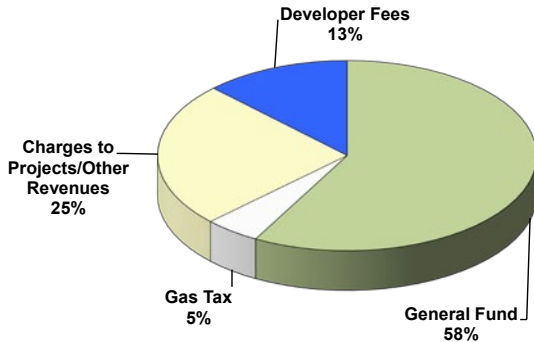
Department Budgets | Public Works

8. Complete the construction of a federally-funded pedestrian and bicycle enhancement project by reducing vehicle lanes on Walnut Avenue/Argonaut Way and installing a roundabout at the Walnut Avenue/Argonaut Way/Parkhurst Drive intersection.
9. Complete the construction of a project that will convert 350 high pressure sodium (HPS) street lights to more energy efficient light emitting diode (LED) along Mowry Avenue (from Interstate 880 interchange to Peralta Boulevard) and along Walnut Avenue/Argonaut Way (from Mowry Avenue to Mission Boulevard).
10. Evaluate aged HVAC units for replacement at City facilities. The replacement of these units will lead to cost savings through reduced energy use.
11. Perform structural renovations at Vallejo Adobe, which is a historic building located within the California Nursery in the Niles district. Damage caused by pests has had detrimental impacts to the structure of this historic site.
12. Continue to contribute to the reduction of the City's carbon footprint by replacing vehicles that are due for replacement with electric, hybrid, and/or fuel efficient vehicles.
13. Expand the use of crack sealing as a form of maintenance and preservation of City streets. Crack sealing will minimize pavement deterioration through prevention of water intrusion into asphalt, which will extend pavement life thus improving the Pavement Condition Index (PCI).

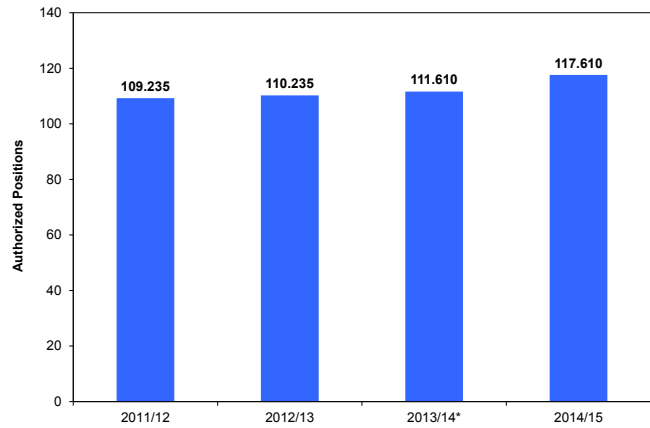
Performance Measurement

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Average Pavement Condition Index (PCI) of the entire streets and roads network	N/A	PCI of 63	PCI of 66	PCI of 66
Percent of preventative maintenance repairs performed on-schedule (e.g., completed within two weeks of scheduled service)	N/A	78%	80%	85%
Percent of graffiti removal calls responded to within one business day for Priority 1 graffiti (gang-related or profane)/one business week for Priority 2 graffiti for all other types	N/A	85%/70%	80%/67%	85%/70%

Public Works Sources of Funding FY 2014/15: \$25,065,154



Public Works Authorized Staffing



*Total number of positions anticipated at the end of June 2014.

Public Works Historical Expenditures/Budget, by Category

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Salaries & Benefits	\$ 12,411,479	\$ 11,741,815	\$ 12,741,155	\$ 13,425,495	\$ 13,383,427	\$ 14,537,534
Operating Expenditures	7,446,744	7,136,572	7,512,883	7,765,337	7,506,043	7,514,177
Capital Expenditures	38,772	76,585	73,500	33,703	33,703	33,703
Indirect Expense Allocation**	2,718,269	2,421,858	2,686,279	2,686,279	2,686,279	2,979,740
Totals	\$ 22,615,264	\$ 21,376,830	\$ 23,013,817	\$ 23,910,814	\$ 23,609,452	\$ 25,065,154

% increase/(decrease), including all funds, from 2013/14 Adopted Budget 6.2%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes

- The FY 2014/15 Public Works Department adopted budget is \$1,455,702 (or 6.2%) more than the FY 2013/14 adopted budget.
- Salaries and benefits are increasing by 8.6%. This is primary due to the staffing changes in the department with the addition of 1.0 FTE Land Surveyor, 1.0 FTE of Associate Civil Engineer, 1.0 FTE of Engineer I, 1.0 FTE of Construction Inspector, and 2.0 FTE of Engineer Tech I and II positions, respectively, and changes in the CalPERS retirement benefit costs.
- The indirect expense allocation is increasing by 10.9% due to increases in the department's share of internal allocations.

Staffing by Function–FY 2014/15

Public Works			
Maintenance Services		Engineering	
Administration		Administration	
Public Works Director	0.20	Public Works Director	0.35
Deputy Director,	0.90	City Engineer	0.25
Maintenance & Business Operations		Deputy Director,	0.10
Business Manager	1.00	Maintenance & Business Operations	
Executive Assistant	0.20	Management Analyst II	1.00
Administrative Assistant	1.00	Executive Assistant	0.80
Office Specialist II	3.00	Senior Office Specialist	1.00
		Office Specialist II	2.65
Environmental Compliance		Design, Development, Transportation and Construction Engineering	
Management Analyst II	1.00	Public Works Director	0.45
		City Engineer	0.75
Fleet Maintenance		Senior Civil Engineer	3.00
Fleet Maintenance Manager	1.00	Senior Transportation Engineer	2.00
Fleet Mechanic II	2.00	Real Property Manager	1.00
Heavy Equipment Mechanic	4.00	Real Property Agent	1.96
Equipment Support Coordinator	1.00	Land Surveyor	1.00
Mechanic Assistant	3.00	Associate Civil Engineer	8.00
		Associate Transportation Engineer	4.00
Public Buildings		Facilities Design/Construction	1.00
Building Maintenance Manager	1.00	Project Supervisor III	
Building Maint. Field Supervisor	3.00	Supervising Construction Coordinator	2.00
Management Analyst II	1.00	Civil Engineer II	3.00
Facilities Design/Construction Project Supervisor II	1.00	Transportation Engineer II	2.00
Building Maintenance Worker II	13.00	Senior Construction Inspector	4.00
Office Specialist II	1.00	Chief of Party	1.00
		Civil Engineer I	2.00
Street Maintenance		Construction Inspector	4.00
<u>Pavement Maintenance</u>		Construction Materials Inspector	1.00
Street Maintenance Manager	0.35	Survey Instrument Operator	1.00
Street Field Supervisor	1.00	Engineering Technician II	2.00
Street Maintenance Worker II	4.00	Engineering Technician I	2.00
Street Maintenance Worker I	5.00		
<u>Street Sanitation</u>			
Street Maintenance Manager	0.35		
Street Field Supervisor	1.00		
Street Maintenance Worker II	6.00		
Street Maintenance Worker I	1.00		
<u>Traffic Safety</u>			
Street Maintenance Manager	0.30		
Street Field Supervisor	1.00		
Street Maintenance Worker II	4.00		
Street Maintenance Worker I	2.00		

Regular Full-Time Equivalents: 117.61

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Administrative Departments

Description of Responsibilities and Services

The Administrative Departments include the City Manager's Office, City Attorney's Office, City Clerk's Office, Finance, Human Resources, and Information Technology Services. These departments work together to provide the organizational infrastructure that makes services to the community possible. Because they work collaboratively to support the organization, administrative departments' objectives are presented collectively. Other department budget information is displayed on subsequent pages.

Objectives FY 2014/15

City Manager's Office

1. Pursue legislative efforts and strengthen state and federal partnerships to promote the best interests of the City, while implementing the Council's 2014 Legislative Guiding Principles and Priorities.
2. Continue working on marketing and public relations efforts to promote the City of Fremont and attract businesses to the City, including building and increasing the audience and website presence for www.thinksiliconvalley.com, the City's business proposition website.
3. Warm Springs/South Fremont Development Area: Continue to work with local and regional partners, as well as State and Federal Legislators, to ensure the strategic development of the Warm Springs/South Fremont area. Identify and implement a shuttle program to coincide with the Warm Springs/South Fremont BART station opening at the end of 2014. Anticipated completion of the Warm Springs Bridge Feasibility Study/Conceptual Design Alternatives, National Environmental Protection Agency reviews, Warm Springs/South Fremont Community Plan and Environmental Impact Report (EIR), and a Cost Benefit Analysis. Continue to solidify the City's partnership with BART and work on strategic infrastructure improvements.
4. Downtown Fremont: Continue to commit time and resources towards the implementation of the Downtown Community Plan to ensure that the Downtown is poised to become a vibrant urban mixed use district within the City Center that will serve as a destination for the city and region. Anticipated accomplishments for FY 2014/15 include fully acquired right-of-way for State Street and Capitol Avenue extension, completed construction of Capitol Avenue extension and improvements to pedestrian and bicycle connections between the Fremont BART Station and Downtown, sale of City property on Capitol Avenue and State Street and entitlements approved for a new mixed use project, completion of the Civic Center Master Plan and conceptual design alternatives, initiate acquisition of additional property required as per the Downtown Community Plan, and continue to seek grant opportunities to complete the build out of Capitol Avenue from State Street to Paseo Padre plus fund continuing and additional place making activities.

Department Budgets | Administrative Departments

5. BART to San Jose: Continue to partner with BART and the Valley Transportation Authority (VTA) to ensure that Fremont's interests are considered relative to the BART extension to Warm Springs/South Fremont and Santa Clara County.
6. Economic Development: Attract and retain an appropriate mix of retail, office, and industrial or technology uses, in order to foster a dynamic economy and a stronger tax base.
7. Civic Engagement: Continue to grow social media and online tools subscriber base and public statement posts. Implement new methods and tools to facilitate civic engagement and enhance access to open government, such as using Fremont Open City Hall as an effective communication tool.
8. Continue to implement the Strategic Fiscal Sustainability Action Plan and ensure timelines are met.

City Attorney's Office

9. Provide legal support for negotiations, acquisitions, development, and approvals needed for the Downtown project, Centerville Unified site development, and Warm Springs/South Fremont area development.
10. Assist the Community Development Department with the drafting, processing, and adoption of new City Center Code, Warm Springs Code, commercial zoning regulations, and other General Plan implementation measures.
11. Assist staff with the drafting, processing, and adoption of an amendment to the City's stormwater regulations.
12. Evaluate cases for initiation of misdemeanor prosecution of appropriate Municipal Code violations.

City Clerk's Office

13. Work with City departments to review and update each department's Records Retention Schedule to ensure the schedules are current.
14. Continue to manage the electronic distribution of agenda packets and assist the Planning Commission as needed in their transition to an electronic format.
15. Begin preparations for the 2014 November Elections.
16. Assist with the transition of newly elected councilmembers.
17. Developed and implemented a new online tool for proclamation requests.

Finance Department

18. In partnership with the Human Resources and Information Technology Services Departments, implement the migration of the City's financial applications to improve functionality, reliability, and integration with other City systems. Implementation is anticipated to be complete by fall 2015.
19. In partnership with Information Technology Services, complete an upgrade to the software for the City's Business Tax (License) program by October 2014.
20. Continue the outreach campaign to encourage more businesses to use the City's online business license renewal option in coordination with Economic Development and the City Manager's office, which will make business license renewal easier for customers and allow more efficient use of staff time.
21. In collaboration with the City Attorney's Office, Community Development, and Public Works, discharge the last remaining responsibilities of the Successor Agency of the former Redevelopment Agency by December 2014, making the Successor Agency eligible for termination.

Human Resources

22. Expand internal Citywide training plan components including onsite staff training by City of Fremont employees for first time managers.
23. Conduct Citywide succession planning analysis and produce succession planning action plan.
24. Develop and implement an automated employee performance management program to set and maintain performance standards.
25. Conduct Citywide employee survey to assess employee satisfaction, engagement and to inform the City's organizational development activities for the coming years.
26. To enhance employee satisfaction by developing and implementing a communications plan based on the employee focus groups that align and sustain an organizational culture where employees feel appreciated, energized and committed to the success of the organization.

Information Technology Services

27. Develop a plan to deliver high-speed Internet services to under-served or unserved areas in the City of Fremont. Determine type of delivery such as private fiber network, partnership with a video service provider, or with a private company. Present plan to City Manager in June 2015.
28. In partnership with the Finance Department, implement a new financial system that will provide improved functionality and better integration with the Active Network cashiering system, PeopleSoft HR/Payroll system, new permitting system, and other systems used throughout the City that will go live in September 2015.
29. In partnership with the Community Development Department, implement a new and robust land use/permitting system capable of improving processes and communication across multiple lines of business internally (between departments, field staff) and externally (citizens, developers, county assessor, etc.). Emphasis will be placed on GIS integration and green initiatives to reduce paper processes. Expected go-live date is September 2015.
30. Partner with the Police Department to implement public safety scheduling software, Telestaff, to enable the Department to increase efficiencies by automating scheduling, integrating staffing with payroll, and having the ability to automatically staff each situation (events such as parades, overtime, etc.). Expected go-live date is October 2014.
31. Work with GIS software vendor to develop address and parcel editing workflow processes that improve accuracy and currency of critical basemap data. New processes will be implemented by July 2015.
32. Create an open data GIS website that allows users to download spatial data for any specific area or of the entire City to use within their own systems independent of assistance from City staff. Website will go live in June 2015.

City Manager

Mission:

Provide strategic leadership that supports the Mayor and the City Council in its policy-making role; and effectively motivate and challenge the organization to deliver high quality services that meet the community's needs while ensuring that effective communication tools are used to engage the workforce and community.

Major Services

Public Policy Support

Provide professional expertise and support to the City Council in the formulation, interpretation, and application of public policy and legislative advocacy.

Citywide Service Delivery

Manage and coordinate citywide service delivery efforts by providing strategic direction and oversight.

Communications and Public Education

Lead efforts to promote communication among the City's departments, media, and the public, and to publicize Fremont's innovative programs, services, and best practices.

Organizational Leadership and Development

Provide leadership to departments and City activities, assure accountability of departments and staff on core activities, and champion efforts to increase leadership and management training.

Department Overview



The City Manager's Office is responsible for providing support and advice to the City Council, offering leadership and legislative policy support for departments, fostering community partnerships and interagency collaboration, championing efforts to support citywide initiatives and efforts to increase organizational development and resiliency by continuing the organizational development program focusing on leadership and management training.

Department Budgets | City Manager

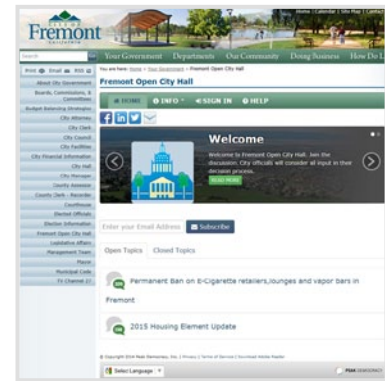
City Manager's Office Historical Expenditures/Budget, by Major Service Area

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
City Manager's Office	\$ 1,234,979	\$ 1,466,165	\$ 1,759,128	\$ 2,014,170	\$ 1,667,719	\$ 2,057,230
Communications and Marketing	181,031	198,591	235,975	251,664	224,368	274,597
Total City Manager's Office	\$ 1,416,010	\$ 1,664,756	\$ 1,995,103	\$ 2,265,834	\$ 1,892,087	\$ 2,331,827

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Accomplishment Highlights FY 2013/14

- Conducted the 2013 Community Survey in October. Notable findings from the Community Survey include: an increase in satisfaction among Fremont residents regarding quality of life and, an increase by 9 percentage points from 2012 to 2013 by residents rating City services as “good” or “excellent.”
- Engaged residents through Fremont Open City Hall, an online civic engagement tool. Fremont Open City Hall garnered responses from the public on important issues in Fremont such as future downtown amenities, the Warm Springs Plan, the Housing Element update, and a permanent ban on electronic cigarette retailers, lounges, and vapor bars. Additionally, engaged residents in voting for their favorite logo to represent Downtown Fremont.
- Held the City of Fremont’s third Legislative event with Federal and State legislators and key regional partners.
- Continued the City of Fremont’s Marketing/Public Relations Campaign with the Hoffman Agency, a Public Relations firm, resulting in increased local, national, and international media coverage highlighting the City of Fremont in several major publications and websites. Major accomplishments include receiving 300 million+ hits on Fremont’s Advanced Manufacturing story by the Associated Press (AP).
- Launched www.thinksiliconvalley.com, the City’s new digital property and companion blog for the business audience.
- Completed and launched the City’s website redesign.
- Held two Council study sessions on the Civic Center and Warm Springs/South Fremont Community Plan to solicit input from the Council and the public.
- Managed and led key City initiatives, including the Warm Springs/South Fremont development, Downtown Plan, Regional Partnerships, and Organizational Development efforts.
- Expanded the City’s Social Media Program by launching Facebook pages for the Fire Department, Community Services, Senior Center, and Twitter accounts for the Fire Department.



- **Downtown Fremont:** Initiated acquisition of right-of-way for the State Street project and successfully acquired private property through eminent domain for the Capitol Avenue extension. Received \$5.8M in One Bay Area Grant (OBAG) funds to build the Capitol Avenue extension from State Street to Fremont Boulevard and for improvements to pedestrian and bicycle connections between the Fremont BART Station and Downtown. Adopted a surplus property disposition plan and initiated strategy, and continued negotiations with private investors for a mixed use development to kick start retail and housing investment in Downtown. Ongoing Downtown marketing efforts include issuing an Request for Qualification (RFQ) and entering into contract for downtown logo design, and issuing an RFQ and entering into contract with a consultant to plan five art and cultural events in the downtown to supplement place-making efforts.



Objectives FY 2014/15

1. Pursue legislative efforts and strengthen state and federal partnerships to promote the best interests of the City, while implementing the Council's 2014 Legislative Guiding Principles and Priorities.
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Department Budgets | City Manager

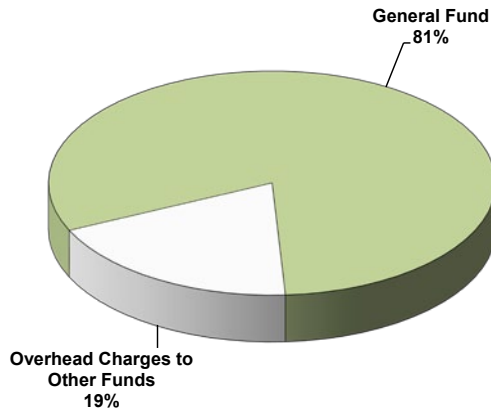
Downtown, sale of City property on Capitol Avenue and State Street and entitlements approved for a new mixed use project, completion of the Civic Center Master Plan and conceptual design alternatives, initiate acquisition of additional property required as per the Downtown Community Plan, and continue to seek grant opportunities to complete the build out of Capitol Avenue from State Street to Paseo Padre Parkway, plus fund continuing and additional place making activities.

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7. Civic Engagement: Continue to grow social media and online tools subscriber base and public statement posts. Implement new methods and tools to facilitate civic engagement and enhance access to open government, such as using Fremont Open City Hall as an effective communication tool.
8. Continue to implement the Strategic Fiscal Sustainability Action Plan and ensure timelines are met.

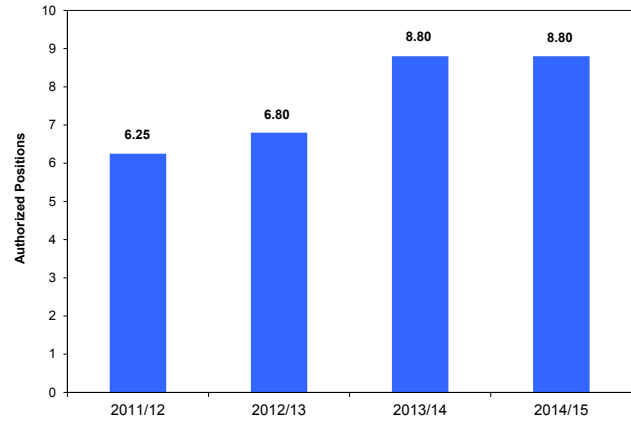
Performance Measurement

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Percent of residents that agree that Fremont is a "good" or "excellent" place to live	N/A	73% ¹	84% ¹	84% ¹
Percent of employees that feel "prepared" and "trained" to do their jobs	N/A	86% ²	TBD ³	86% ³
Percent of increase of citizens communicating with the City on average via new engagement tools	N/A	10% over current users	43%	65,000 ⁴
<p>¹ Baseline survey results from the 2013 Community Survey was 84%. This Performance Measure will be measured biennially via the Community Survey.</p> <p>² Based on survey results from the 2012 Employee Survey. Baseline was 86% of Employees surveyed who "agreed" or "strongly agreed" that they were prepared and trained to do their job at work. This Performance Measure is measured via the Employee Survey.</p> <p>³ The Employee Survey will be conducted in FY 2014-2015.</p> <p>⁴ Citizen engagement is defined as the number of followers and subscribers on the City's social media sites as well as views of videos posted on all City of Fremont YouTube channels.</p>				

**City Manager's Office
Sources of Funding**
FY 2014/15: \$2,331,827



**City Manager's Office
Authorized Staffing**



**City Manager's Office
Historical Expenditures/Budget, by Category**

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Salaries & Benefits	\$ 1,038,270	\$ 1,138,562	\$ 1,279,584	\$ 1,287,945	\$ 1,279,584	\$ 1,663,786
Operating Expenditures	280,096	425,576	594,399	855,029	489,643	536,083
Capital Expenditures	500	850	1,260	3,000	3,000	3,000
Indirect Expense Allocation**	97,144	99,768	119,860	119,860	119,860	128,958
Totals	\$ 1,416,010	\$ 1,664,756	\$ 1,995,103	\$ 2,265,834	\$ 1,892,087	\$ 2,331,827

% increase/(decrease), including all funds, from FY 2013/14 Adopted Budget 23.2%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Department Budgets | City Manager

Major Changes

- The FY 2014/15 City Manager's Office adopted budget is \$439,740 (or 23.2%) more than the FY 2013/14 adopted budget.
- Salaries and benefits are increasing by 30.0% due to staffing realignment and changes in the CalPERS retirement benefit costs.
- Operating expenditures are increasing by \$46,440 (or 9.5%), due to increases in contractual services related to the Downtown Plan.
- The indirect expense allocation is increasing by 7.6% due to increases in the department's share of internal allocations.

Staffing by Function–FY 2014/15

City Manager's Office	
City Manager	1.00
Assistant City Manager	0.50 *
Deputy City Manager/City Clerk	0.30 *
Management Analyst II	2.00
Executive Assistant to the City Manager	1.00
Executive Assistant	1.00
Office Specialist	1.00
Communications Office	
Communications Manager	1.00
Urban Initiatives	
Deputy City Manager	1.00

* The balance of this position is budgeted in the City Clerk's Office.

Regular Full-Time Equivalents: 8.80

City Attorney

Mission:

To effectively utilize available resources to provide excellent legal and risk management services, consistent with the highest professional and ethical standards, to the Mayor and City Council, City departments, and boards and commissions, with the goal of protecting and advancing the City's interests.

Major Services

City Attorney

Provide legal services and represent the City in civil matters to protect and advance the City's interest.

Risk Management

Provide claims administration and defense, workers' compensation administration, and employee safety training.

Department Overview



The City Attorney's Office provides a full range of day-to-day legal services to the City. The office supports all aspects of the City's mission by rendering legal advice and opinions, and drafting and reviewing contracts, ordinances, resolutions and other documents needed to accomplish the City's goals and policies. Staff attorneys advise the City Council, commissions, boards, and all City departments on legal matters such as land use and environmental regulations, special development projects, potential liability for City actions, and compliance with federal and State laws, as well as employment laws. The office assists in negotiating complex agreements, including labor and multi-jurisdictional agreements, public/private partnerships, and land use and development agreements. The office also represents the City's legal interests before judicial and administrative agencies, and prosecutes code enforcement matters. The office provides risk management services to the City through its Risk Management division.

Department Budgets | City Attorney

City Attorney's Office Historical Expenditures/Budget, by Major Service Area

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
City Attorney	\$ 1,493,776	\$ 1,676,780	\$ 1,788,562	\$ 1,574,077	\$ 1,561,758	\$ 1,851,846
Risk Management	5,868,279	7,981,192	7,192,692	7,422,881	7,332,153	7,854,547
Total City Attorney's Office	\$ 7,362,055	\$ 9,657,972	\$ 8,981,254	\$ 8,996,958	\$ 8,893,911	\$ 9,706,393

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Accomplishment Highlights FY 2013/14

- Drafted and assisted staff with processing and drafting of new sign ordinances addressing signs on private property, signs on public property, and street banners.
- Assisted the Community Development Department with an ordinance, updating the permit and processing provisions of the City's Zoning Code to implement provisions of the new General Plan.
- Drafted revisions to the City's Massage Establishments and Therapists ordinance.
- Drafted ordinance to regulate medical marijuana cultivation.
- Drafted ordinances to restrict electronic cigarette smoking in the same manner as tobacco cigarettes, and to impose a moratorium on the issuance of permits for retail sales of electronic cigarettes or for electronic cigarette lounges or vapor bars.
- Assisted the Human Resources Department in labor negotiations with the City's bargaining groups.
- Provided legal support for negotiations, acquisitions, development, and approvals needed for the Downtown project, Centerville Unified Site development, and Warm Springs/South Fremont area development.

Objectives FY 2014/15

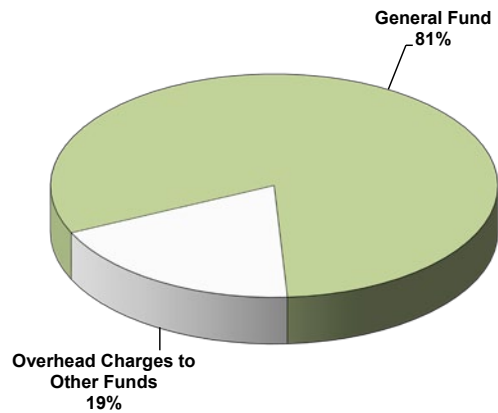
1. Provide legal support for negotiations, acquisitions, development, and approvals needed for the Downtown project, Centerville Unified site development, and Warm Springs/South Fremont area development.
2. Assist the Community Development Department with the drafting, processing, and adoption of new City Center Code, Warm Springs Code, commercial zoning regulations, and other General Plan implementation measures.
3. Assist staff with the drafting, processing, and adoption of an amendment to the City's stormwater regulations.
4. Evaluate cases for initiation of misdemeanor prosecution of appropriate Municipal Code violations.

Performance Measurement

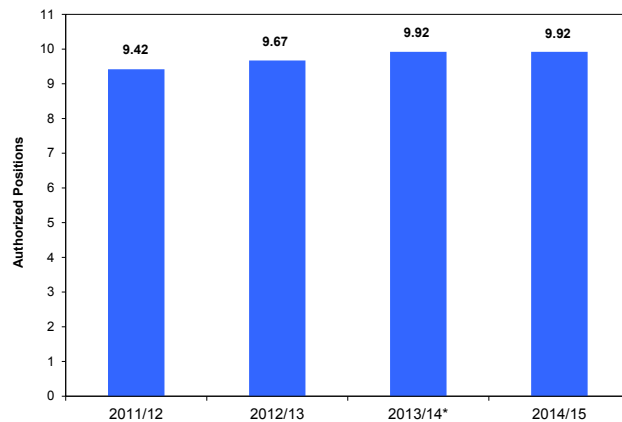
Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Percent of standard contracts reviewed within 5 business days of receipt	N/A	90%	80%	90%
Percent of liability (damage) claims reviewed and insufficiency noted within 14 days of receipt	N/A	90%	100%	90%
Percent of all serious work-related injuries reported to Cal OSHA within 8 hours of being informed of injury	N/A	100%	100%	100%

Department Budgets | City Attorney

City Attorney Sources of Funding FY 2014/15: \$9,706,393



City Attorney Authorized Staffing



City Attorney's Office (includes Risk Management Division) Historical Expenditures/Budget, by Category

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Salaries & Benefits	\$ 2,275,864	\$ 2,134,889	\$ 2,525,185	\$ 2,246,206	\$ 2,233,887	\$ 2,412,478
Operating Expenditures	4,996,944	7,431,075	6,077,225	6,371,908	6,281,180	7,201,879
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	89,247	92,008	378,844	378,844	378,844	92,036
Totals	\$ 7,362,055	\$ 9,657,972	\$ 8,981,254	\$ 8,996,958	\$ 8,893,911	\$ 9,706,393

% increase/(decrease), including all funds, from FY 2013/14 Adopted Budget 9.1%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes

- The FY 2014/15 City Attorney's Office adopted budget is \$812,482 (or 9.1%) more than the FY 2013/14 adopted budget.
- Salaries and benefits are increasing by 8.0% due mainly to changes in the CalPERS retirement benefit costs.
- Operating expenditures are increasing by 14.7%, due to increases in consulting services, the reallocation of the administrative hearing costs (\$50,000) from the Clerk's Office, and the increase in the requirement for the workers' compensation reserve.
- The indirect expense allocation is decreasing by \$286,808 (75.7%), primary due to decreases in the department's share of internal allocations.

Staffing by Function–FY 2014/15

City Attorney's Office	
City Attorney	0.86*
Assistant City Attorney	0.92
Senior Deputy City Attorney	1.00
Deputy City Attorney	2.00
Law Office Supervisor	1.00
Paralegal	1.00
Risk Management	
City Attorney	0.06*
Assistant City Attorney	0.08
Risk Manager	1.00
Safety Coordinator	1.00
Risk Management Technician	1.00
* The balance of this position is budgeted in the Environmental Services Division of the Community Services Department.	

Regular Full-Time Equivalents: 9.92

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City Clerk

Mission:

Ensure citizens' trust in government by administering the City's democratic processes such as open and free elections, safeguarding and providing access to City records, and ensuring that all legislative actions are transparent and known to the public; and providing information and services to support the City Council, staff, and the public.

Major Services

Legislative Process

Facilitate and maximize public and Council access to the City's legislative processes so that all interested parties have an opportunity to participate.

Elections

Manage and conduct elections to ensure that all Fair Political Practices regulations are properly followed.

Public Records Act and Public Records Retention

Coordinate the City's Records Management Program and maintain legislative history to ensure accessibility and continuity.

Mail Room

Provide citywide mail services, for both internal routing and external mail, and ensure that mail processing is done efficiently.

Department Overview



The Office of the City Clerk oversees the preparation of the City Council agenda, records the City Council's actions in official minutes, maintains a computerized legislative history, and is responsible for safeguarding official documents. The City Clerk is the elections officer for the City and is responsible for the administration of all general and special municipal elections. The City Clerk is the administrator and filing officer for the Fair Political Practices Commission and City of Fremont Conflict of Interest regulations. The Office of the City

Clerk oversees a records management system that provides for the electronic research and storage of City records, responds to public requests for information, and distributes mail to City facilities. In an effort to streamline service delivery, the City Clerk's Office implemented a fully automated (paperless) electronic web-based agenda automation software system to improve staff efficiency.

Accomplishment Highlights FY 2013/14

- Assisted with the transition of newly appointed or elected officials, including the development of Council Orientation Sessions.
- Assisted with the development of the City's website redesign related to the online Agenda Center.
- Managed the Boards and Commissions Vacancy Process, and assisted with the transition of boards and commissions members.
- Continued to monitor the changing postal service environment and accommodate changes as needed to the mail room during the fiscal year.

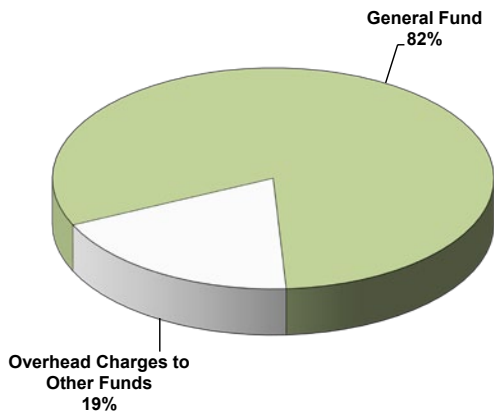
Objectives FY 2014/15

1. Work with City departments to review and update each department's Records Retention Schedule to ensure the schedules are current.
2. Continue to manage the electronic distribution of agenda packets and assist the Planning Commission as needed in their transition to an electronic format.
3. Begin preparations for the 2014 November Elections.
4. Assist with the transition of newly elected councilmembers.
5. Developed and implemented a new online tool for proclamation requests.

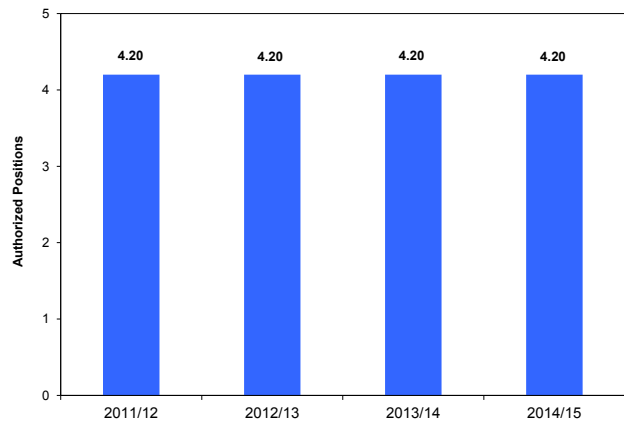
Performance Measurement

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Percent of time the Agenda packet is posted and distributed no later than 4 days prior to each City Council meeting	N/A	90%	91%	90%
Number of complaints received regarding Public Records Requests (PRR)	N/A	0	3	0

City Clerk Sources of Funding
FY 2014/15: \$948,038



City Clerk Authorized Staffing



City Clerk
Historical Expenditures/Budget, by Category

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Salaries & Benefits	\$ 576,604	\$ 539,450	\$ 572,052	\$ 576,144	\$ 572,052	\$ 645,465
Operating Expenditures	184,329	213,487	249,068	290,641	284,641	230,400
Capital Expenditures	-	-	2,415	6,000	6,000	6,000
Indirect Expense Allocation**	67,563	64,563	63,534	63,534	63,534	66,173
Totals	\$ 828,496	\$ 817,500	\$ 887,069	\$ 936,319	\$ 926,227	\$ 948,038

% increase/(decrease), including all funds, from FY 2013/14 Adopted Budget 2.4%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Department Budgets | City Clerk

Major Changes

- The FY 2014/15 City Clerk's Office adopted budget is \$21,811 (or 2.4%) more than the FY 2013/14 adopted budget.
- Salaries and benefits are increasing by 12.8%, due mainly to the reclassification of positions in the department and changes in the CalPERS retirement benefit costs.
- Operating expenditures are decreasing by \$54,241 (19.1%), mainly due to the reallocation of the administrative hearing function (\$50,000) to the City Attorney's Office.

Staffing by Function—FY 2014/15

City Clerk I		
Assistant City Manager		0.50 *
Deputy City Manager/City Clerk		0.70 *
Assistant City Clerk		1.00
Office Specialist II		1.00
Office Specialist I		1.00
* The balance of this position is budgeted in the City Manager's Office.		

Regular Full-Time Equivalents: 4.20

Finance

Mission:

To assist the City Council, City Manager, and operating departments in prudently managing financial resources and assets by providing accurate information and high-quality business and financial planning and management advisory services, including budgeting, debt management, accounting, purchasing, revenue collection and management, and payables processing.

Major Services

Accounting

Account for the City's resources and disclose the financial condition of the City and results of its operations in the year-end comprehensive annual financial report.

Budget

Monitor local business and economic trends for effects on the City's revenue sources; prepare and monitor the annual operating budget.

Purchasing/Accounts Payable

Provide accounts payable and purchasing services.

Revenue

*Collect and audit all locally-controlled revenues.
Complete citywide invoicing and accounts receivable processing.*

Treasury

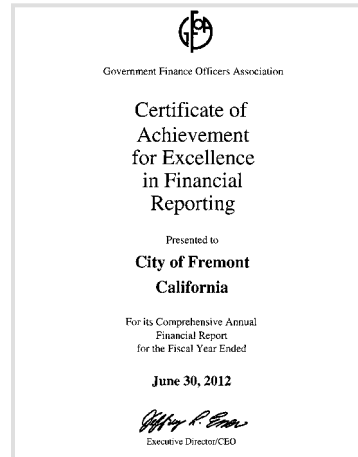
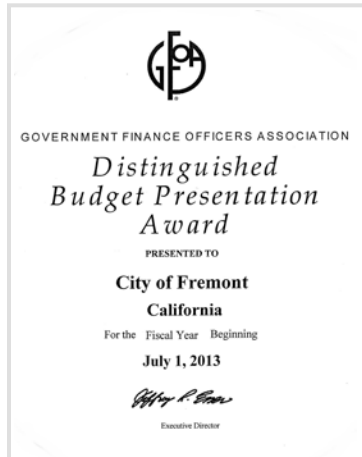
Manage the City's investment, debt financing, and banking functions.

Department Overview

The Finance Department is responsible for providing financial information, policy analyses, and recommendations that help the City Council and all City departments make decisions about how to best allocate the City's resources. The department supports the organization's immediate as well as long-range resource allocation decisions, and responds to both economic fluctuations and changes in the State's fiscal outlook. Department staff evaluate the effects of budget changes on service levels, assist departments with business planning, support citywide economic development projects, and provide recommendations on proposals with a financial impact.

Accomplishment Highlights FY 2013/14

- Received awards for Excellence in Financial Reporting for the 29th consecutive year and Distinguished Budget Presentation for the 17th consecutive year from the Government Finance Officers Association of the United States and Canada (GFOA).



- Revised and updated a cost allocation plan, including an approved OMB A-87 cost allocation plan, to more accurately quantify indirect and overhead costs applicable to all City departments and functions.
- Worked with Community Development, Public Works, and the City Attorney's Office on wind-down activities associated with the demise of redevelopment, including preparation of a Long Range Property Management Plan (LRPMP) and coordination with the State Controller's Office asset review of the former Redevelopment Agency.
- Renewed the letter of credit supporting the General Fund and Family Resource Center variable rate certificates of participation. Concurrently, negotiated a new remarketing agent agreement that resulted in significant savings for debt expenses.
- In conjunction with the City's investment advisory firm, reviewed and updated the City's Investment Policy, allowing for opportunities to achieve a market rate of return on public funds and minimize the potential for capital losses or issuer default, while still operating within the constraints of the California Government Code.

Objectives FY 2014/15

1. In partnership with the Human Resources and Information Technology Services Departments, implement the migration of the City's financial applications to improve functionality, reliability, and integration with other City systems. Implementation is anticipated to be complete by fall 2015.
2. In partnership with Information Technology Services, complete an upgrade to the software for the City's Business Tax (License) program by October 2014.
3. Continue the outreach campaign to encourage more businesses to use the City's online business license renewal option in coordination with Economic Development and the City Manager's office, which will make business license renewal easier for customers and allow more efficient use of staff time.
4. In collaboration with the City Attorney's Office, Community Development, and Public Works, discharge the last remaining responsibilities of the Successor Agency of the former Redevelopment Agency by December 2014, making the Successor Agency eligible for termination.

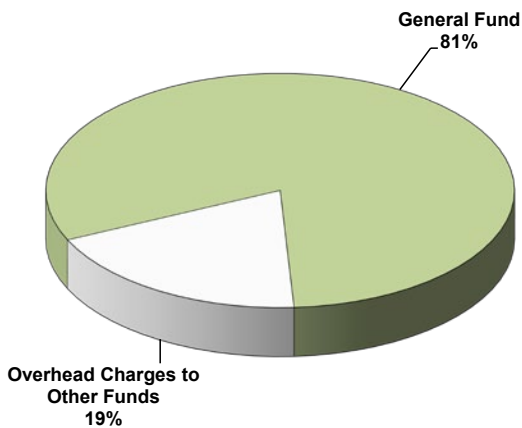
Performance Measurement

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Percent of bids reissued	N/A	2%	6%	4%
Percent of Business Tax renewals online	N/A	18.5%	19.8%	20%

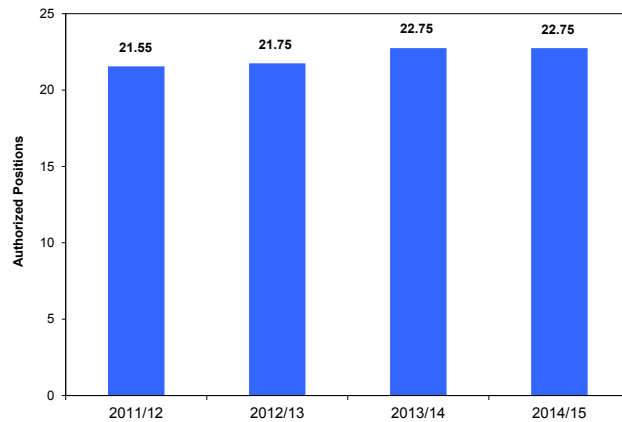
Department Budgets | Finance

Finance Sources of Funding

FY 2014/15: \$3,796,314



Finance Authorized Staffing



Finance Historical Expenditures/Budget, by Category

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Salaries & Benefits	\$ 2,562,191	\$ 2,693,277	\$ 2,987,139	\$ 3,123,882	\$ 3,068,303	\$ 3,101,439
Operating Expenditures	409,763	495,574	466,269	473,679	367,870	367,870
Capital Expenditures	8,128	8,115	3,500	7,500	7,500	7,500
Indirect Expense Allocation**	274,413	272,066	269,153	269,153	269,153	319,505
Totals	\$ 3,254,495	\$ 3,469,032	\$ 3,726,061	\$ 3,874,214	\$ 3,712,826	\$ 3,796,314

% increase/(decrease), including all funds, from FY 2013/14 Adopted Budget 2.2%

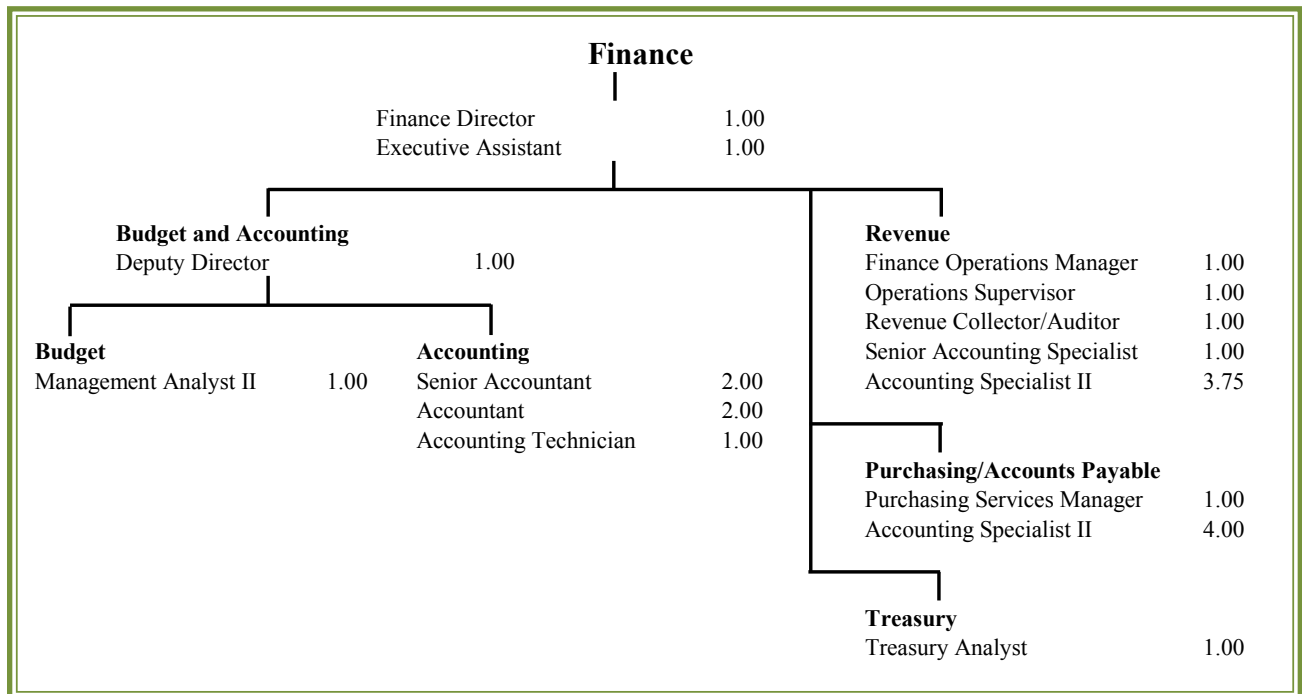
* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes

- The FY 2014/15 Finance Department adopted budget is \$83,488 (or 2.2%) more than the FY 2013/14 adopted budget.
- The indirect expense allocation is increasing by 18.7% due to increases in the department's share of internal allocations.

Staffing by Function–FY 2014/15



Regular Full-Time Equivalents: 22.75

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Human Resources

Mission:

Partner with City departments to build and support an innovative, high performance organization.

Major Services

Employee and Labor Relations

Maintain solid working relationships among the City, bargaining units, and employees.

Citywide Policy Development

Develop and improve protocols for various citywide administrative and personnel policies.

Employee and Organizational Development and Training

Develop and train a well-qualified and professional workforce and provide organizational development opportunities in an effort to increase resiliency.

Recruitment, Examination, Classification, and Compensation

Attract and screen qualified candidates for the City's workforce, conduct applicant examinations, and develop and review classifications and compensation.

Benefits and Payroll Administration

Administer comprehensive and competitive benefit programs, proactively communicate benefit plan information, and manage the payroll processing for all employees with a high degree of accuracy.

Department Overview



Human Resources staff provide specialized assistance to all employees in the following areas: employee and labor relations; citywide policy development; employee and organizational development and training; recruitment, examination, classification and compensation; and benefits and payroll administration. The department also conducts new employee orientations, assists employees with benefit enrollments and questions, and ensures compliance with Federal and State employment and income tax laws.

Accomplishment Highlights FY 2013/14

- Successfully implemented a new employee orientation highlighting the benefits, roles, and responsibilities of effective public service.
- Developed and implemented a new Citywide training plan focused on management skill training along with an online interactive training guide as a resource for all employees.
- Implemented key policies and processes related to compliance with the federal Affordable Care Act.

Objectives FY 2014/15

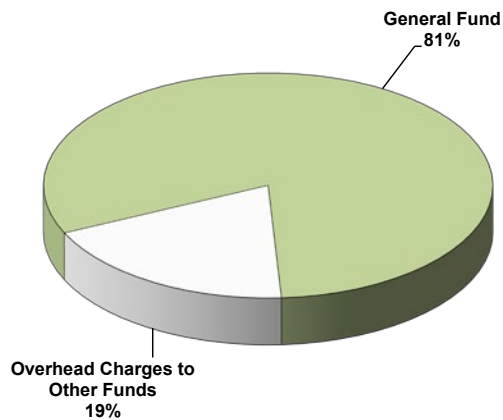
1. Expand internal Citywide training plan components including onsite staff training by City of Fremont employees for first time managers.
2. Conduct Citywide succession planning analysis and produce succession planning action plan.
3. Develop and implement an automated employee performance management program to set and maintain performance standards.
4. Conduct Citywide employee survey to assess employee satisfaction, engagement and to inform the City's organizational development activities for the coming years.
5. To enhance employee satisfaction by developing and implementing a communications plan based on the employee focus groups that align and sustain an organizational culture where employees feel appreciated, energized and committed to the success of the organization.

Performance Measurement

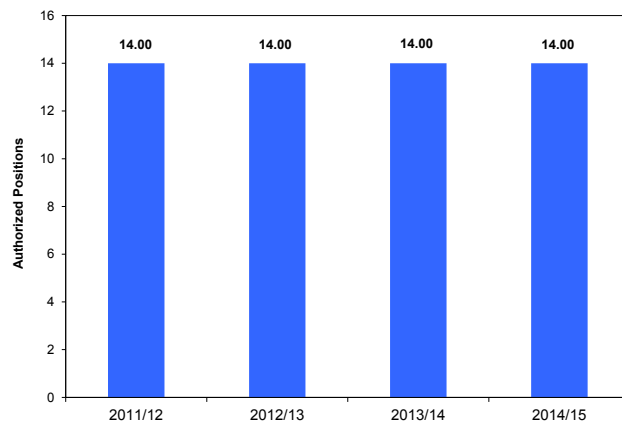
Measure ⁷	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
% of City of Fremont Employee Survey participants aware of the Flexible Spending Account Program	N/A	70% ⁸	TBD	70% ⁹
% of employees who have received a formal evaluation in the last 12 months	N/A	NA (survey in 2014/15) ⁸	TBD	NA (survey in 2014/15) ⁹
% of employees who report receiving timely performance feedback	N/A	NA (survey in 2014/15) ⁸	TBD	NA (survey in 2014/15) ⁹
% of non-sworn positions filled within 90 days / sworn positions filled within 120 days	N/A	75/70%	TBD	75/70%
⁷ Human Resources has reorganized its Performance Measures from FY 2012/13 to better align with the City's and Department's outcomes. ⁸ Based on survey results from the 2012 Employee Survey. ⁹ A Citywide Employee Survey was conducted in the fall of 2012. A new survey is anticipated to be conducted in November 2014. Results for FY 2012/13 are indicated.				

Department Budgets | Human Resources

Human Resources Sources of Funding FY 2014/15: \$2,636,480



Human Resources Authorized Staffing



Human Resources Historical Expenditures/Budget, by Category

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Salaries & Benefits	\$ 1,749,348	\$ 1,805,059	\$ 2,064,858	\$ 2,132,495	\$ 2,098,265	\$ 2,166,978
Operating Expenditures	191,563	639,734	438,150	521,877	247,830	299,580
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	156,592	160,095	158,483	158,483	158,483	169,922
Totals	\$ 2,097,503	\$ 2,604,888	\$ 2,661,491	\$ 2,812,855	\$ 2,504,578	\$ 2,636,480

% increase/(decrease), including all funds, from FY 2013/14 Adopted Budget 5.3%

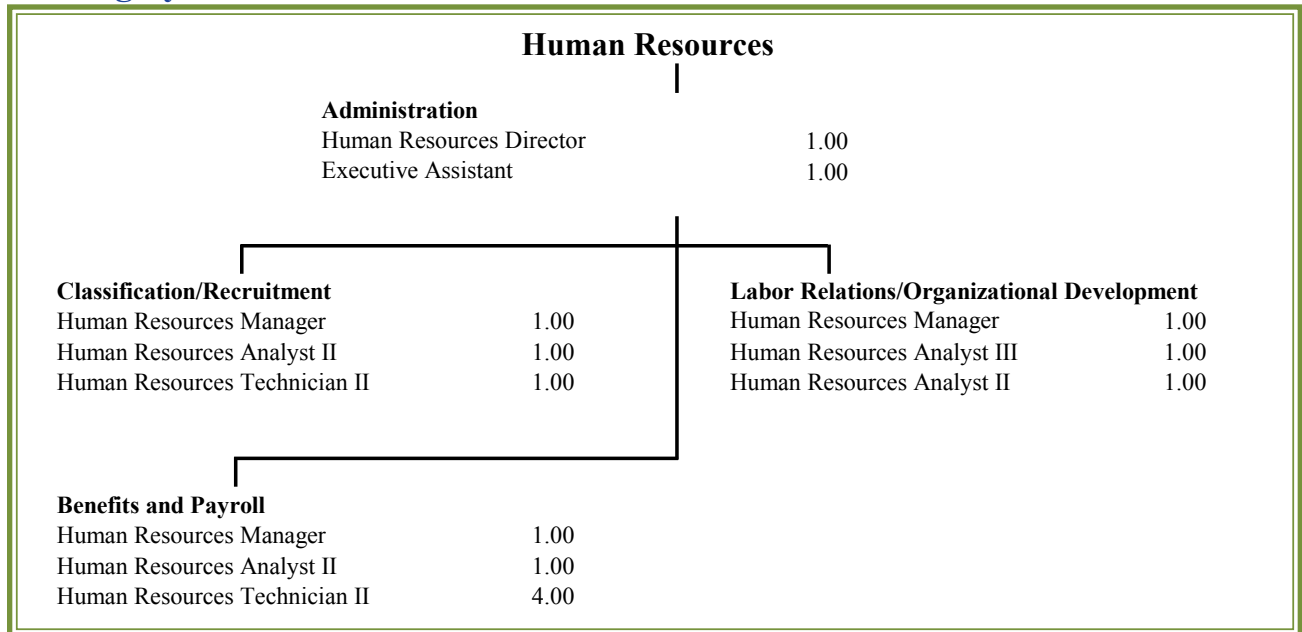
* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes

- The FY 2014/15 Human Resources adopted budget is \$131,902 (or 5.3%) more than the FY 2013/14 adopted budget.
- Operating expenditures are increasing by 20.9%, due to increases attributable to the biannual employee survey and labor negotiations.

Staffing by Function–FY 2014/15



Regular Full-Time Equivalents: 14.00

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Information Technology Services

Mission:

To deliver the best proven technology and services available for computer, data, telecommunications, mapping, and critical business systems of the organization to employees and the public through excellent customer service, continuous improvement, innovative problem-solving, adherence to standardized information technology best practices, and collaborative solutions.

Major Services

Infrastructure Services

Ensure that the computer, telecommunications, data network, and security systems are available to enable City staff to provide essential services to their customers.

Business Systems

Fulfill the information and service needs of the City by providing leadership in acquiring and deploying high quality, cost-effective, and timely solutions.

Geographic Information Systems (GIS)

Develop and maintain critical geospatial data while delivering simple, interactive mapping tools to enable City employees and citizens to seamlessly access and visualize the information.

Department Overview



Scan this code on a smartphone to access the City's website.

The Information Technology Services (ITS) Department supports and enhances computer, telecommunications, business, and mapping systems for the City. The ITS Department is committed to providing outstanding customer service by being transparent, adaptive, and responsive in meeting customer needs. The ITS Department, in partnership with its customers, assists in planning, selecting and implementing value-added business solutions that fulfill the City's strategic goals and objectives.

Accomplishment Highlights FY 2013/14

- Presented the City's first Information Technology (IT) Strategic Plan to the City Council in September 2013. The Plan focuses on providing technological resources to residents and City employees over a five-year period from FY 2013/14 through FY 2017/18.
- Deployed a new public GIS website that works across all Internet browsers and provides access to a wide range of local geospatial data to citizens.
- Upgraded the City's Internet connection from 35 Mbps to 100 Mbps while reducing costs by 37 percent annually. The new Internet bandwidth will provide faster access to the Internet and Intranet for City employees to help them complete their daily work as well as support the City's growing web services that it provides to its citizens.
- Implemented a mobile data management (MDM) system, MobileIron, to better manage and secure smartphones, mobile computers, and tablets. The MDM reduces support costs and business risks by controlling and protecting the data and configuration settings for all mobile devices on the City's network.
- Partnered with the Fire Department on several key initiatives including the implementation of a business intelligence solution (VineLight) to assist the Department with reporting performance metrics and detailed data analysis needs and the new EdgeSoft miFIRE software for the CUPA hazardous materials inspection program.
- Configured, tested, and deployed the data communications network in the new Fire/Police command vehicle. The data communications network consists of dispatch workstations, radio consoles, and all network connectivity including hard-wire Ethernet, Wi-Fi, cellular, and satellite.



Objectives FY 2014/15

1. Develop a plan to deliver high-speed Internet services to under-served or unserved areas in the City of Fremont. Determine type of delivery such as private fiber network, partnership with a video service provider, or with a private company. Present plan to City Manager in June 2015.
2. In partnership with the Finance Department, implement a new financial system that will provide improved functionality and better integration with the Active Network cashiering system, PeopleSoft HR/Payroll system, new permitting system, and other systems used throughout the City that will go live in September 2015.
3. In partnership with the Community Development Department, implement a new and robust land use/permitting system capable of improving processes and communication across multiple lines of business internally (between departments, field staff) and externally (citizens, developers, county assessor, etc.). Emphasis will be placed on GIS integration and green initiatives to reduce paper processes. Expected go-live date is September 2015.

4. Partner with the Police Department to implement public safety scheduling software, Telestaff, to enable the Department to increase efficiencies by automating scheduling, integrating staffing with payroll, and having the ability to automatically staff each situation (events such as parades, overtime, etc.). Expected go-live date is October 2014.
5. Work with GIS software vendor to develop address and parcel editing workflow processes that improve accuracy and currency of critical basemap data. New processes will be implemented by July 2015.
6. Create an open data GIS website that allows users to download spatial data for any specific area or of the entire City to use within their own systems independent of assistance from City staff. Website will go live in June 2015.

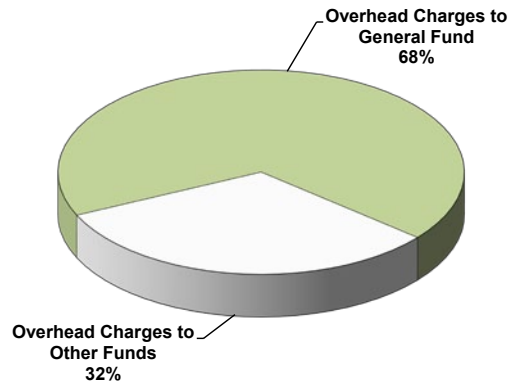
Performance Measurement

Measure	FY 2012/13 Actual	FY 2013/14 Target	FY 2013/14 Actual	FY 2014/15 Target
Percent of network availability as measured using a monitoring tool uptime algorithm	99%	98%	99%	98%
Percent of service tickets resolved within the stated service level agreements (SLAs) for the type and criticality of each request	78%	80%	76%	80%
Percent of requests for addressing completed within agreed-upon time frames	82%	85%	85%	85%

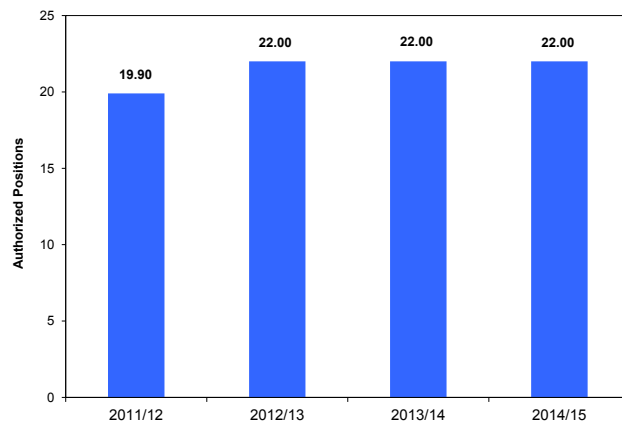
Department Budgets | Information Technology Services

Information Technology Services Sources of Funding

FY 2014/15: \$6,919,124



Information Technology Services Authorized Staffing



Information Technology Services Historical Expenditures/Budget, by Category

	2011/12 Actual	2012/13 Actual	2013/14 Estimated Actual	2013/14* Adjusted Budget	2013/14 Adopted Budget	2014/15 Adopted Budget
Salaries & Benefits	\$ 2,759,775	\$ 3,006,472	\$ 2,928,316	\$ 3,277,922	\$ 3,277,922	\$ 3,378,952
Operating Expenditures	1,352,701	1,624,660	1,910,380	2,422,757	2,143,834	2,345,570
Capital Expenditures	841,212	745,505	535,600	959,420	720,995	722,187
Indirect Expense Allocation**	709,966	2,160,606	463,635	463,635	463,635	472,415
Totals	\$ 5,663,654	\$ 7,537,243	\$ 5,837,931	\$ 7,123,734	\$ 6,606,386	\$ 6,919,124

% increase/(decrease), including all funds, from FY 2013/14 Adopted Budget 4.7%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes

- The FY 2014/15 Information Technology Services adopted budget is \$312,738 (or 4.7%) more than the FY 2013/14 adopted budget.
- Operating expenditures are increased by 9.4%, due to additional system upgrades needed for FY 2014/15.

Staffing by Function–FY 2014/15

Information Technology Services			
Administration			
Information Technology Services Director	1.00		
Senior Systems Analyst/Programmer	0.02		
Accounting Specialist II	0.90		
Information Technology Manager	1.00		
Business Systems		Infrastructure Services	
Business Systems Manager	1.00	Infrastructure Services Manager	1.00
Senior Systems Analyst/Programmer	0.98	Data Processing/Telecom. Technician	1.00
Systems Analyst/Programmer	4.00	Network Engineer	2.00
		Computer Specialist	5.00
		Accounting Specialist II	0.10
Geographic Information Systems			
GIS Manager	1.00		
Info Systems Application Specialist III	1.00		
Systems Analyst/Programmer	1.00		
Computer Specialist	1.00		

Regular Full-Time Equivalents: 22.00

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Staffing

Regular Position Summary

Overview

The total authorized regular staffing level of 864.22 for FY 2014/15 has increased by 21.48 full time equivalents (FTEs) from the FY 2013/14 level. While there is an overall increase in staffing, many departments continue to operate at a low level when compared to historical staffing ratios.

The overall staffing level has increased and is attributed to a variety of factors. The City has taken steps to address its Public Safety unmet needs including adding 3 Police Officers and opening Fire Station No. 11. Efforts are also being undertaken to consolidate Police dispatch between the City of Fremont and the City of Union City. Staffing in the Development Center has been enhanced to match a steady increase in activity levels and growing demands.

	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14*</u>	<u>2014/15</u>
<u>PUBLIC SAFETY</u>								
Fire	161.000	161.000	152.000	152.500	152.500	153.000	154.000	157.000
Police	302.000	302.000	287.000	287.000	287.000	282.000	287.500	296.500
TOTAL	463.000	463.000	439.000	439.500	439.500	435.000	441.500	453.500
<u>OTHER COMMUNITY SERVICES</u>								
Community Development	108.300	113.500	99.275	98.335	60.750	61.000	57.300	60.300
Economic Development	4.690	4.675	4.575	3.650	3.650	4.000	4.000	4.000
Human Services	52.320	52.800	51.800	54.500	54.500	56.500	58.150	57.625
Public Works	116.150	116.025	103.105	103.230	109.235	110.235	111.610	117.610
Community Services	67.350	69.350	61.850	61.850	93.430	94.410	88.510	89.510
Housing and Redevelopment	12.910	13.725	11.925	12.100	12.100	0.000	0.000	0.000
TOTAL	361.720	370.075	332.530	333.665	333.665	326.145	319.570	329.045
<u>ADMINISTRATIVE</u>								
<u>DEPARTMENTS</u>								
City Manager's Office	7.700	7.450	5.250	6.150	6.250	6.800	8.800	8.800
City Attorney	10.750	10.500	9.420	9.420	9.420	9.670	9.920	9.920
City Clerk	5.300	5.300	4.250	4.200	4.200	4.200	4.200	4.200
Finance	24.750	24.750	21.650	21.650	21.550	21.750	22.750	22.750
Information Technology Services	21.900	21.900	19.900	19.900	19.900	22.000	22.000	22.000
Human Resources	17.000	17.000	14.000	14.000	14.000	14.000	14.000	14.000
TOTAL	87.400	86.900	74.470	75.320	75.320	78.420	81.670	81.670
CITYWIDE TOTAL	912.120	919.975	846.000	848.485	848.485	839.565	842.740	864.215
* Total number of positions anticipated at the end of June 2014.								

Staffing | Regular Position Summary

The Community Development Department staffing level for FY2014/15 is 3.00 FTEs more than the FY2013/14 level. The increase is attributed to the increased activity at the Development Center.

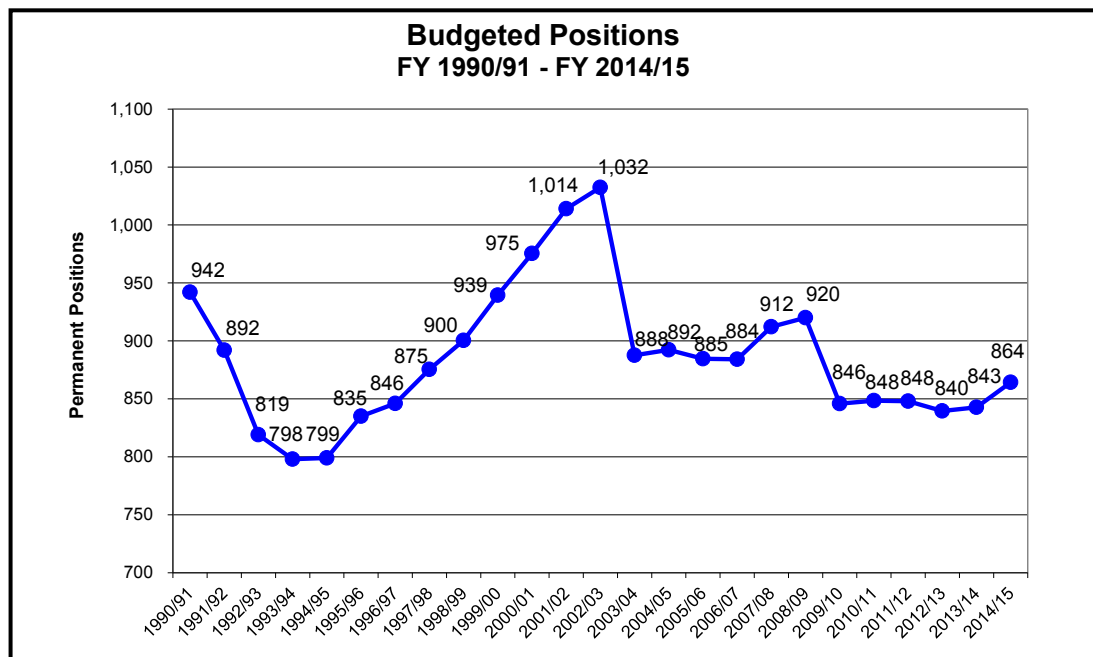
The Community Services Department staffing level is 1.00 FTE more than the FY2013/14 level. This change is due to the increase in development activity involving the City's park areas.

The Human Services Department staffing level for FY2014/15 is 0.53 FTE less than the FY2013/14 level. This decrease is the net result of a re-organization within the department.

The Fire Department staffing level for FY2014/15 is 3.00 FTEs more than the FY2013/14 level. The increase is the net result of a re-organization and opening of Fire Station No. 11.

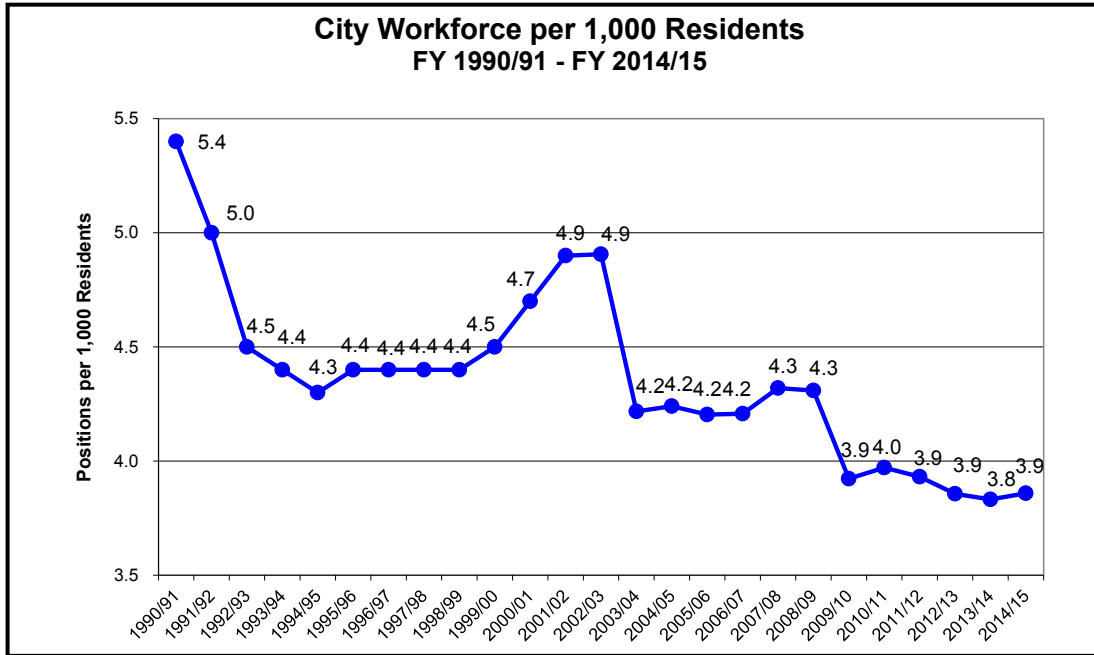
The Police Department staffing level for FY2014/15 is 9.00 FTEs more than the FY2013/14 level. This increase is due to the addition of 3.0 FTEs in Police Officers and the consolidated Police dispatch system between the City of Fremont and the City of Union City.

The Public Works Department staffing level for FY2014/15 is 6.00 FTEs more than the FY2013/14 level. The change is attributed to the overall increase in development activity in the City.



Historical Perspective

City staffing has remained relatively constant over the past 20 years despite population growth of approximately 42,000 residents, or nearly 24%. Fremont continues to be one of the lowest staffed cities on a per capita basis in Alameda County. The FY 2014/15 budget authorizes 78 fewer positions than authorized by the City Council for FY 1990/91. The chart below shows that since the high point achieved in FY 1990/91, Fremont has reduced its workforce per 1,000 residents during economic recessions, and has been disciplined when adding back staff during economic recovery.



During the FY 1990/91 – FY 1993/94 recession, the City eliminated 144 positions. In the subsequent nine years, as Fremont’s population grew and the economy expanded, the City added 234 positions, mostly in police, fire, and maintenance services. In 2003, the City eliminated 224 positions (168 budgeted and 56 part-time or temporary) as a step toward balancing the FY 2003/04 budget as a result of the high-tech recession. The FY 2003/04 authorized staffing level was 14% lower than the FY 2002/03 adopted budget level, and marked the City’s lowest regular staffing level since FY 1997/98. Since FY 2003/04, the City’s regular authorized staffing levels have remained relatively constant, with only minor changes from year to year. The only exception was in FY 2007/08, when critical public safety needs were addressed somewhat by adding some police and fire sworn positions. For FY 2014/15, the City has continued to address some of the items on the Unmet Needs list and added back important public safety needs, such as the addition of 3.0 FTE Police Officer positions and the opening of Fire Station No. 11. This budget continues the City’s modest staffing and related service levels even though the FY 2014/15 overall staffing level has been increased by 21.48 FTE (2.5%) positions compared to FY2013/14, primarily to match the steady increase in activity levels and growing demands at the City’s Development Center.

Staffing levels are steady when population growth over time is considered. Between FY 1990/91 and FY 1994/95, the City reduced its authorized position count from 5.4 to 4.3 positions per 1,000 residents. Between FY 1994/95 and FY 1998/99, per capita staffing stayed constant before the

Staffing | Regular Position Summary

economic expansion later in the decade allowed the City to restore some of the services lost because of the early 1990s recession. The 2001/02 economic recession again forced reduction in the City's per capita staffing to 4.2 FTE per 1,000 residents. The 2008/09 economic recession further reduced the City's per capita staffing. Authorized staffing is still at a modest level of 3.9 FTE per 1,000 residents level in the FY 2014/15, up from 3.8 FTE per 1,000 residents in FY 2013/14.

Staffing for comparable neighboring cities has declined since the FY 2008/09 economic recession. The Staffing Level Comparison table on the next page reveals that the City maintains an extremely low ratio of budgeted position to residents. Fremont's low staffing ratio is driven by resource limitations, yet continues to work due to prudent planning such as the strategic Fiscal Sustainability Action Plan and because of efficient City operations. Fremont has less per capita revenue to pay for basic public safety and maintenance services than other larger California cities, its neighboring cities, and other cities known for their high quality of life. Through FY 2013/14, the City of Fremont continues to have the lowest per capita staffing in the area.

Staffing Levels Relative to Other Communities

Positions per 1,000 Residents FY 2013/14			
City	2013 Population	Citywide Positions	Positions per 1,000 Residents
Palo Alto	66,368	615	9.27
Oakland	399,326	2,925	7.32
Santa Clara	120,284	755	6.28
San Jose	984,299	5,150	5.23
Pleasanton	71,871	344	4.79
Union City	71,329	319	4.47
Livermore	83,325	354	4.25
Sunnyvale	145,973	616	4.22
Newark	43,342	172	3.97
Fremont	220,133	833	3.83

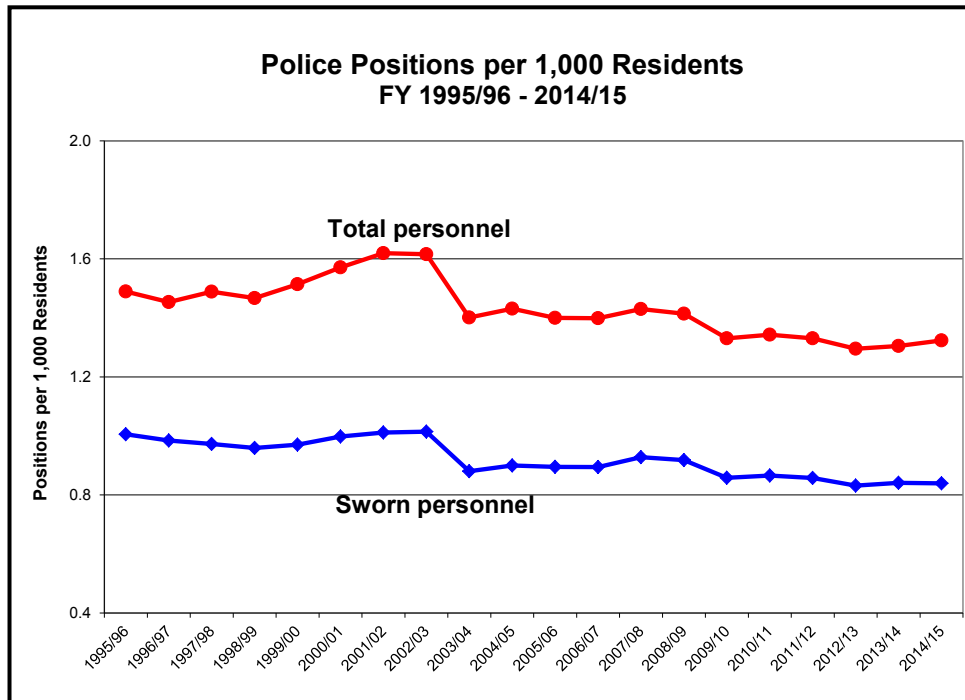
Source: FY 2013/14 published city budgets, financial reports & California Department of Finance Population Estimates for 2013.

Note: Services provided by each community surveyed, and respective funding arrangements, vary widely among cities. The table reflects staffing levels in various communities, with the following adjustments to improve comparability with Fremont:

1. **Palo Alto:** total positions reduced by the number of positions supporting utility, wastewater, stormwater, refuse, and library services (not provided by the City of Fremont).
2. **Oakland:** total positions reduced by the number of positions supporting library services (not provided by the City of Fremont).
3. **Sunnyvale:** total positions reduced by the number of positions supporting library, water, wastewater, and solid waste services (not provided by the City of Fremont).
4. **San Jose:** total positions reduced by the number of positions supporting art, airport, library, city auditor, independent police auditor, and retirement services (not provided by the City of Fremont).
5. **Pleasanton:** total positions reduced by the number of positions supporting library services, water, and sewer storm water (not provided by the City of Fremont).
6. **Livermore:** total positions reduced by the number of positions supporting library, water, airport, and golf services (not provided by the City of Fremont).
7. **Newark:** although no adjustment has been made, it is noteworthy that fire protection services for Newark are provided by the Alameda County Fire Department (ACFD); therefore there are no staff budgeted by Newark for this function.
8. **Union City:** although no adjustment has been made, it is noteworthy that fire protection services for Union City are provided by the Alameda County Fire Department (ACFD); therefore there are no staff budgeted by Union City for this function.

Police

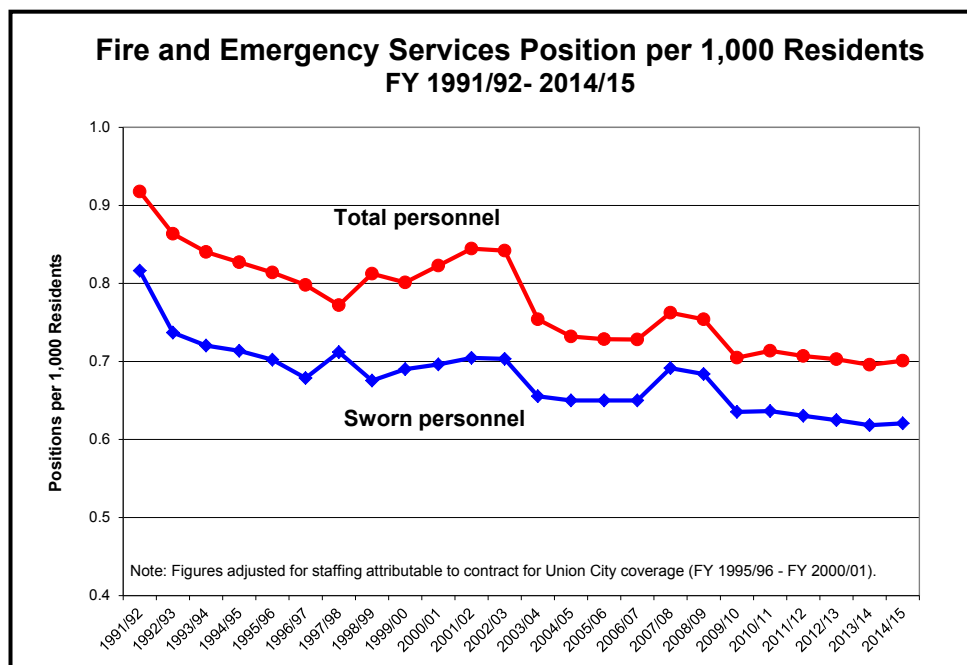
Police Department staffing has increased by 9.0 FTE positions, including 3.0 FTE Police Officer positions. The Consolidated Dispatch Program has been allocated 6.0 FTE positions. The current level remains at the low per capita staffing of 0.84 sworn officers per 1,000 residents. This represents 16% less police officer coverage than the one officer per thousand residents available in each of the five years prior to FY 2003/04. This continuing low service level is illustrated by the graph below.



Fire

Fire Department staffing has increased by 3.0 FTE Fire Engineer positions. The number of sworn positions remains at 0.6 firefighters per 1,000 residents. As illustrated by the graph below, this represents a 23% decline from the per capita staffing level of 0.9 positions per 1,000 residents in FY 1991/92.

In FY 2014/15, Fremont continues to have one of the lowest sworn fire employees ratio per 1,000 residents than any city located in either Alameda or Santa Clara Counties. Another service efficiency measure is the average number of square miles served by each fire station. Fremont's Fire Department serves 92 square miles with 11 fire stations, an average of one fire station per eight square miles. By comparison, Oakland averages one fire station for every two square miles, San Jose averages one station for every six square miles, and Hayward averages one station for every seven square miles.



Staffing | Regular Position Summary

Maintenance

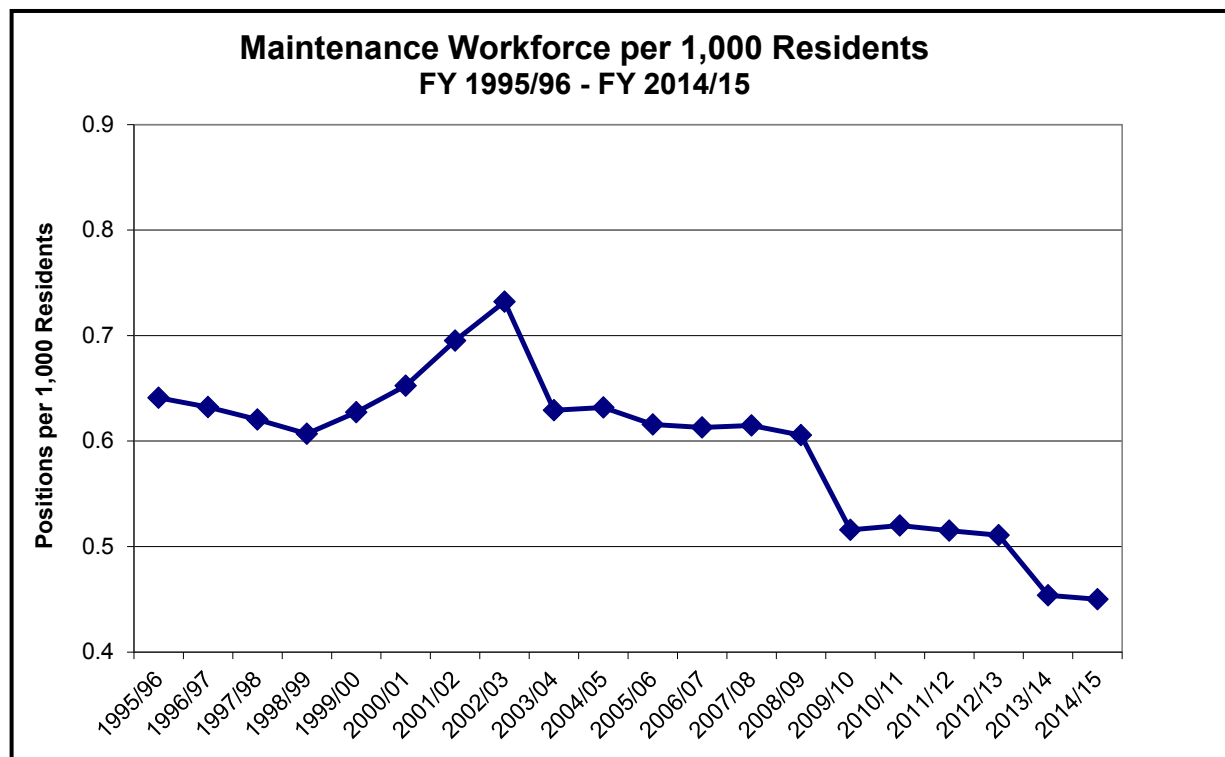
In FY 2013/14, maintenance staffing was decreased by 11.0 FTE as a result of the outsourcing of median maintenance. Low staffing remains a hindrance to City efforts to maintain its parks, urban forestry, streets and public buildings.

Maintenance staffing relative to population has decreased substantially over time. Conversely, maintenance demands related to public buildings, streets, and parks have grown tremendously. The following table illustrates this growth:

FY 2014/15 Maintenance Statistics			
Asset	FY 1993/94	FY 2014/15	Percent Change
Public Buildings	581,500 sq. ft.	964,110 sq. ft.	67%
Streets	778 lane miles	1,100 lane miles	41%
Park Land	810 acres	1,205 acres	48%

As with Police and Fire staffing, the 0.5 maintenance workers per 1,000 residents for FY 2014/15 matches the lowest ratio for these services in the City's history.

In FY 2014/15, the City continues to fund some maintenance items on the Unmet Needs list. Maintenance service capacity remains diminished for the foreseeable future due to limited resources. Albeit at a slower pace, the community continues to experience further deterioration in its road conditions, sidewalks, and reductions in sign repairs, lane striping, legend painting, and other services.



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Policies and Practices

The City of Fremont budget and financial policies are subject to California State law, generally accepted accounting principles (GAAP), and actions of the City Council. The standards set by these authorities establish budget calendar dates, provide for budget control, describe the budget amendment process after budget adoption, and identify appropriate methods for budgeting, accounting, and financial reporting. The City's resources and appropriations policies are extensions of the laws established by the State of California through the City Council and follow GAAP for local governments as well as budgeting practices.

Budget practices and policies are reviewed to ensure that current financial practices are in place. Areas for future policy development and updates may include post-retirement benefits, and a periodic review and update of the City's existing reserve policies.

Budget Practices

Budget Process and Calendar

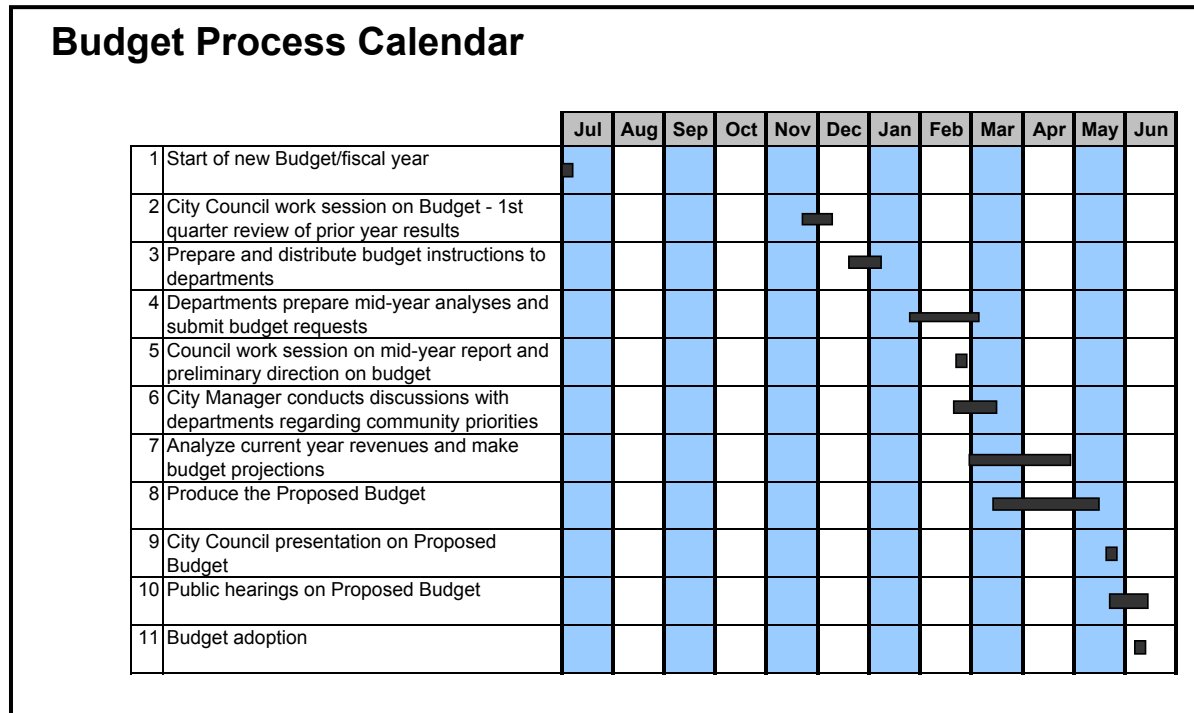
The budget process enables the City Council to make resource allocation decisions, including choices about staffing, technology, equipment, and priorities to be addressed in the coming fiscal year. The City of Fremont's Annual Operating Budget is adopted by the City Council by July 1 each year. Although the City Council first reviews the budget in May, the City Manager's Office, the Finance Department, and other departments begin to prepare it at least six months before that. Throughout the year, staff provides quarterly revenue projections and updates on the City's financial performance, and continues to assess City needs. In producing the budget, the Budget Team receives input from the public, City Council, and staff.

In November/December, the City Manager provides an update to the City Council on the current year's budget and outlines policy issues facing the City. Together, they establish objectives for the upcoming year. At the mid-year budget review that typically takes place in February or March, the City Council provides feedback and direction regarding proposed priorities for the future programming of General Fund resources. With this direction and the Finance Department's revenue projections, each department prepares a proposed budget. The Budget Team works closely with department managers to ensure that budgets reflect the City Council's interests, priorities, and goals.

Several weeks before the budget is adopted, the City Manager presents the budget for the coming year to the City Council, along with information on current year accomplishments and future year goals. Copies of the proposed budget document are available to the public at public hearings, and they are also available in the City Clerk's Office, and on the City's website. The City Manager presents the budget to the City Council in a televised public forum. Included in the City Manager's presentation are an update of the City's financial position and long-range plan; a review of the national, State, and local economies; a discussion of financial policies; and an update on department activities. After reviewing the proposed budget and receiving public comment at public hearings, the City Council may direct staff to revise the proposed budget. On or before June 30, the City Council votes to adopt the budget, including any revisions to the proposed budget. At any time after the adoption of the budget, the City Council may amend or supplement the budget.

Policies & Glossary | Policies and Practices

Upon final adoption by the City Council, the budget becomes the legal authorization for the various departments to expend resources, subject to conditions established by the City Manager and City Council. Through a resolution adopted by the City Council, the City Manager is authorized to transfer appropriations as needed from any account in the budget to any other accounts within the same fund to meet overall budget requirements. This resolution further authorizes the City Manager to transfer funds designated as “Transfers” in appropriate increments and intervals. The City Council has adopted several financial and budgetary policies, which address debt, reserves, and spending authorizations, and which help guide long-term planning. These policies are outlined in further detail throughout this section.



Citizen Participation

Citizens of Fremont participate in the budget planning process in various ways, such as participating on Council-appointed boards and commissions, attending budget presentations and public hearings, or meeting with City staff. Quarterly presentations to review the City’s budget and discuss relevant policy issues are held at regular City Council meetings.

Public hearings for the budget adoption typically occur at the end of May and the beginning of June. Citizens have the opportunity to speak about budget issues at these hearings and at any City Council meeting during the year. All Council meetings are televised on the local cable access channel and streamed over the internet.

The City Council will hear a presentation of the City Manager’s proposed FY 2014/15 budget at a televised meeting on May 20, 2014. Televised public hearings will take place on June 3 and June 10, 2014.

Other Major Planning Processes

The budget is one of three major citywide planning tools. The General Plan, which governs land use and development, and the Capital Improvement Program (CIP) are the other two. Each planning process informs the others, and together they enable coordinated planning for operating City services, maintaining the City's investment in public infrastructure, and developing land consistently with community interests.

The City Council adopted the latest General Plan update on December 13, 2011. The General Plan can be referred to as a city's "constitution" for growth and development and the policy foundation upon which all development and land use decisions are based. Each general law city and county in California is required to have a General Plan that addresses specific elements as identified by the State. It contains long-term goals that set the framework for the City's development and conservation of natural resources, and the implementation actions that will move the City towards achievement of those goals. It is the official adopted policy regarding the future location, character, and quality of physical development, and conservation of the natural environment.

The Fremont General Plan establishes a new twenty-five year vision for the community based on technical and legal requirements, extensive discussions with the community, and policymaker input. The new plan aims for an "even greater" Fremont, including a flourishing downtown, increased jobs to match an increasing resident workforce, a variety of housing types, and thriving, pedestrian-oriented commercial districts. This plan also addresses the overarching vision of Fremont as a "green" city through goals and policies to meet climate change objectives, reduce solid waste, and enhance the pedestrian and cycling network.

The CIP planning process takes place every two years. The product is a funded five-year plan for building and maintaining City infrastructure. While the CIP keeps a five-year planning horizon, it appropriates funds for a two-year period. The current CIP was adopted on June 11, 2013, and appropriates funds for projects and maintenance activities for FY 2013/14 and FY 2014/15. Therefore, the capital funding information included in the Operating Budget is for display purposes only; the "budget" for capital funds was adopted with the FY 2013/14 - 2017/18 CIP.

Including maintenance in the capital budgeting process is intended to overtly balance the planning for capital improvements with funding needs to maintain existing infrastructure. The amount of General Fund to be transferred to the CIP is determined in the annual Operating Budget process, and may vary annually from the amount projected as revenue in the CIP. However, the CIP expenditure appropriation does not change without specific City Council action. The process for adopting the FY 2013/14 – FY 2017/18 CIP began during the summer of 2012. Appropriations will reflect any changes in other City funding capabilities. Conversely, the capital projects adopted in the FY 2013/14 – FY 2017/18 CIP inform the FY 2014/15 Operating Budget.

Basis of Budgeting

The City uses a multi-year financial forecast model to ensure that current budget decisions consider future financial implications. The basis for the multi-year forecast projections is current year estimated revenues and expenditures.

Revenues: The City receives revenues from a variety of sources. Property tax and sales tax comprise 74% of the General Fund, but are controlled by the State Legislature. The City receives the balance of its revenues from local taxes, fees, charges for services, and transfers from other funds for General Fund services. Revenue projections for the coming budget year are comprised of the estimated actual revenue projected for the current year, multiplied by the factor by which the revenue is projected to grow or decline, based on current economic information.

The City has a long-standing practice of dedicating one-time revenues to fund a variety of one-time projects. Increases in the General Fund associated with one-time revenues are not programmed for ongoing operations in the multi-year forecast. This ensures that future revenues and expenditures are reasonably projected.

Fees and Charges: The City charges for some services at rates that, where possible, match the cost of providing the service. Several departments charge for services such as hazardous materials checks, animal vaccinations and sterilization services, and counseling.

Expenditures: The City budgets at the governmental fund level, and funds are grouped for budget presentation. Major fund groups include the General Fund, Cost Center/Internal Service funds, Special Revenue funds, and Capital funds.

While all funds budgeted are included in the operating budget, this document focuses on the General Fund, which contains the majority of the City's discretionary resources for basic services such as police, fire, and maintenance. Departmental base budgets for a given budget year are determined by the following process:

1. Starting with the adopted budget for the prior year,
2. Reducing the adopted prior year budget for any one-time appropriations the department received,
3. Multiplying the adjusted budget by percentage factors for cost changes associated with negotiated bargaining unit agreements and inflation, and
4. Implementing any necessary service reductions or enhancements determined by the City Manager.

City funds are budgeted on the modified accrual basis of accounting. This method recognizes revenues when they become measurable and available to finance expenditures of the period. Expenditures are recorded when the related fund liability is incurred, with the exception of principal and interest on long-term debt, which are recorded when due.

Basis of Budgetary Accounting

The basis of budgetary accounting that follows describes how the City presents the estimated revenues, budgeted expenditures and expenses, and capital asset purchases in this budget. This description is intended to help the reader understand the differences and similarities in the budget presentation of such financial elements compared to how they are presented in other City publications, such as the City's CIP or its Comprehensive Annual Financial Report (CAFR).

The City uses a "fixed budget" presentation which establishes a spending cap at the fund level, with departmental budgetary guidelines. Department budgets cannot be exceeded without special authorization (see Budget Practices at page 207). This operating budget proposed for the 2014/15 fiscal year is scheduled for adoption on June 10, 2014. The fiscal years before FY 2014/15 shown in the operating budget are for contextual purposes only and are not adopted by the City Council in its budget resolution for FY 2014/15.

The budget is generally prepared on the same basis of accounting used by the City in its CAFR. Definitions for several of the following terms may be found in the Glossary. This terminology comes from the accounting standards used for governments which are established by the Governmental Accounting Standards Board (GASB). These standards constitute generally accepted accounting principles (GAAP) for local governments.

Although legally separate entities from the City, the Fremont Public Financing Authority (PFA) and the Fremont Social Services Joint Powers Authority (JPA) are component units of the City under GAAP. These entities are considered component units because of the degree of control exercised by the City (the City Council and City staff serve as the governing boards and staff, respectively, for these entities) and their financial dependence on the City. The JPA's budget is included in the Human Services department budget. The payment obligations of the PFA are set by the debt instruments underlying the obligations, so they are not included in the budget.

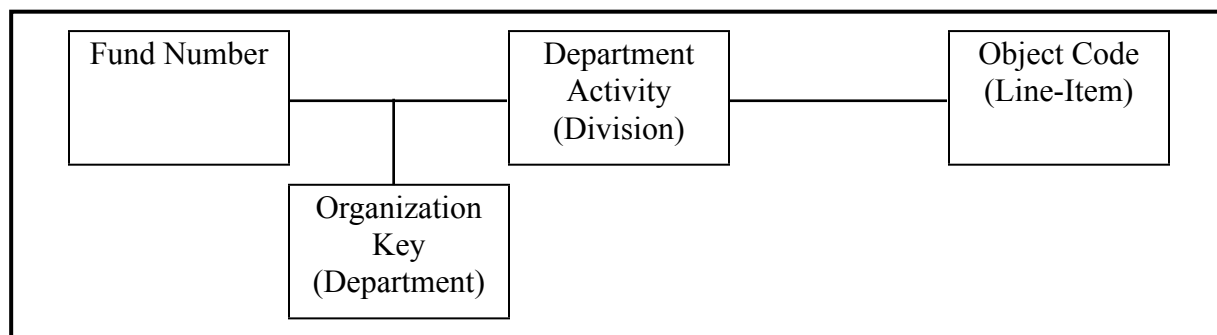
In the Required Supplementary Information section of the CAFR, the City compares actual revenues and expenditures for the accounting period to both the originally adopted budget and the final budget (the adopted budget with any mid-year adjustments) for estimated revenues and expenditure appropriations. These comparisons, made for the General Fund, the Development Cost Center Fund, and the Recreation Services Fund, show the City's compliance with the expenditure caps at the legal level of control. A copy of the City's CAFR for the fiscal year ended June 30, 2013, may be obtained on the City's website at www.fremont.gov, or by contacting the City's Finance Department. The CAFR for the fiscal year ending June 30, 2014, will be available by no later than December 31, 2014.

Expenditures are budgeted in governmental funds on the modified accrual basis of accounting, and expenses are budgeted in proprietary funds on the full accrual basis of accounting. The primary difference between the two bases of accounting is that "expenditures" emphasize the reporting of financial resource outflows (cash and cash-like resources) in the period in which they are disbursed, while "expenses" emphasize the matching of the obligation to disburse economic resources (cash and all other assets causing a change in fund net assets) to the period in which the obligation was incurred by the City.

Capital asset acquisitions are shown somewhat differently in the budget than in the CAFR. Capital assets are used in the City's operations, have an estimated useful life of more than one fiscal year, and cost \$5,000 or more. These long-lived assets include land and buildings and their improvements, vehicles, machinery and equipment, and streets and sidewalks. The City's planned capital asset purchases are shown in two places in the budget: (1) in the departmental capital outlay for capital assets to be purchased from annual operating appropriations during the budgeted fiscal year, and (2) in the Capital Budget Summary (CIP) for capital assets to be acquired over several years or which involve specific financing plans. In the CAFR fund financial statements, all capital asset acquisitions are reported in the governmental funds acquiring them as "Capital Outlay" on their operating statements, and in the proprietary funds, the acquiring funds report their acquisition as uses of cash on their statements of cash flow (the assets are also capitalized on their balance sheets).

Budget Account Structure

Budget transactions occur under an established account code structure organized by funding source (fund/fund number). An account code is comprised of eleven numbers, which represent the fund, department/division activity code, and object code. A combined fund number and department activity code result in a department account number called an organization key (org. key). Object codes describe the transaction type within the fund and department. The account code structure can be best summarized in the following diagram:



Operating/Capital Expenditure Accountability

The annual budget sets appropriations by fund or with further allocation by department or program. At the fund level, expenditures may not legally exceed appropriations. The City Manager is authorized to transfer budgeted amounts between departments or programs within any fund. The City Council may adopt supplemental appropriations during the year.

The annual budget resolution authorizes the City Manager to increase appropriations for operating expenditures due to increases in grant or activity-based revenues in an amount not to exceed the increased grant or activity-based revenues. The City Manager may also increase appropriations for operating expenditures for the Development Cost Center and Recreation Cost Center when quarterly fee revenue in those funds exceeds the amount estimated at the time of budget adoption because of increased activity. All other revisions or transfers that alter the total appropriations of other funds must be approved by the City Council.

The City maintains a multi-year forecasting model for operating revenues and expenditures, and also produces a five-year capital plan that includes debt service. The multi-year forecast is regularly updated to reflect current revenue and expenditure assumptions and is presented to the City Council after the first fiscal quarter, at mid-year, and during the budget process for the next fiscal year. The City's five-year capital plan is updated every two years.

Long-Term Financial Planning

The City Council continues to focus on the long-term benefits of transportation infrastructure improvement, recruitment of consumer retail uses to balance the City's business-to-business sales tax base, and development of a pedestrian-oriented urban center in the City's Central Business District. Significant resources have been invested in the City's estimated share of freeway interchanges. Four interchanges were constructed using local funds to allow the completion of extensive freeway investments funded by the County, the State, and the federal government. This investment completed the upgrades to I-880 through Fremont years earlier than would have otherwise been the case. Construction was completed on two grade separation projects that will increase safety, reduce congestion, and facilitate the extension of the Bay Area Rapid Transit District commuter rail system south to the City's Warm Springs district and, eventually, to San Jose.

Previous years allowed the City to accumulate balances in the development impact fee funds intended for infrastructure and improved amenities in the community. The park development impact fee funds also accumulated adequate funding for a significant park improvement program. The impacts of maintenance and operational costs are balanced with the cost of acquiring or developing parkland, consistent with standards in the City's park master plan.

Cash Management

Cash temporarily idle during the year is invested in obligations of the U.S. Treasury and agencies of the federal government, commercial paper, corporate bonds, bankers acceptances, qualifying mutual funds, time deposits, money market accounts, and the State Treasurer's investment pool. Investment income includes appreciation/depreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue, nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City plans to hold to maturity. Because it is the City's practice to hold investments to maturity, unrealized investment gains and losses are not included in the budget until such time as they actually occur. Pursuant to State law, the City's investment policy is adopted by the City Council annually.

Risk Management

The City of Fremont uses a risk management program to reduce its workers' compensation and general liability claim costs. The City employs a professional risk manager, a safety coordinator, and staff, supplemented by professional claim administration firms, to minimize losses. The City participates in two multi-agency joint powers authorities to provide excess insurance coverage, one for general liability coverage and one for workers' compensation coverage. The joint powers authorities and the City rely on estimates prepared by professional actuaries to set aside funds adequate to meet potential losses. Excess coverage provided by the joint powers authorities covers claims in excess of \$500,000 for both general liability and workers' compensation claims.

Pension and Other Post-employment Benefits

The City provides pension and medical benefits for its public safety and non-safety employees through two contracts with CalPERS. The contracts include benefit levels negotiated by the City with its employee units and for which it has executed contract amendments. The plans also include some benefit levels approved by the State Legislature without contract amendment and funding mechanisms approved by the CalPERS Board of Administration. The City also provides other post-retirement benefits in the form of limited contributions toward health insurance costs for certain retirees based on the provisions of labor agreements in effect at the date of the employee's retirement.

Reserve or Stabilization Accounts

Reserves accumulated during years when revenues exceeded expenditures cushion the City's transition to a lower revenue base and allow the City to adjust spending in response to economic downturns and State revenue takeaways. The General Fund maintains four reserves: the Contingency Reserve, the Program Investment Reserve, the Economic Volatility Reserve, and the Budget Uncertainty Reserve. The City also maintains reserves for fee-based cost center operations and certain other special revenue funds, including the following:

- Development Cost Center Contingency Reserve
- Development Cost Center Technology and System Improvement Reserve
- Human Services Special Revenue Fund Contingency Reserve
- Integrated Waste Management Disposal Differential Reserve
- Integrated Waste Management Vehicle Replacement Reserve
- Urban Runoff Clean Water Program Contingency Reserve
- Recreation Cost Center Contingency Reserve
- Recreation Cost Center Operating Improvement Reserve

General Fund Contingency Reserve

Contingency Reserve funds help mitigate the effects of unanticipated situations such as natural disasters and severe, unforeseen events. The Contingency Reserve also serves as back-up liquidity to the Risk Management Fund if this need were to arise. The Contingency Reserve is funded at a level at least equal to 10% of annual operating expenditures and transfers out. All uses of the Contingency Reserve must be approved by the City Council. Any such uses are to be repaid to the Contingency Reserve over a period of no more than three years. (Adopted by the City Council on June 9, 2009)

General Fund Program Investment Reserve

The Program Investment Reserve provides a source of working capital for the following:

- a. New programs or undertakings that have the potential for receiving significant funding from outside sources.
- b. Organization retooling, process improvement, and strategic entrepreneurial opportunities.

The Program Investment Reserve is funded at a level at least equal to 2.5% of annual operating expenditures and transfers out. All uses of the Program Investment Reserve must be approved by the City Council. Any such uses are to be repaid to the Program Investment Reserve over a period to be determined by the City Council at the time of usage approval, with a target repayment period of no more than three years. (Adopted by the City Council on June 4, 1996)

General Fund Economic Volatility Reserve

The City will maintain an Economic Volatility Reserve to offset the effects of future economic downturns and offset unanticipated cost increases beyond the City's control (including increases in fuel and utility prices, and changes to the CalPERS employer rates resulting from possible changes to the discount rate and updated actuarial demographic data assumptions).

The Economic Volatility Reserve is funded at a level at least equal to 2.5% of annual operating expenditures and transfers out. All uses of the Economic Volatility Reserve must be approved by the City Council. Any such uses are to be repaid to the Economic Volatility Reserve over a period to be determined by the City Council at the time of usage approval, with a target repayment period of no more than three years. (Adopted by the City Council on June 11, 2013)

General Fund Budget Uncertainty Reserve

The Budget Uncertainty Reserve is intended to offset quantifiable revenue uncertainty in the multi-year forecast. The long-term funding level for this reserve is determined by measuring the level of financial risk associated with the following three areas of uncertainty:

1. Revenue risks: Revenues falling short of budget projections may cause deficits. Transitional funding is also necessary to respond to reductions in major revenues due to local, regional, and national economic downturns (estimated to take one to three years).

2. State budget risks: There is a strong possibility that the State may implement budget solutions that legislatively reallocate intergovernmental revenues from local jurisdictions to the State (in the absence of guarantees or constitutional protection of these revenues). These include property taxes, sales taxes, gas taxes, grants, and reimbursements.
3. Uncontrollable costs: The City requires a source of supplemental funding for further increases in CalPERS retirement rates that result from CalPERS investment performance that falls short of actuarial assumptions. In addition, there may be other cost increases that are beyond the City's control (e.g., various fuel and utility charges).

All uses of this reserve must be approved by the City Council. If the risk factors described above are eliminated as a result of new revenue sources, legislation, or major changes in economic conditions, the basis for the reserve will be reviewed and the funding level may be adjusted accordingly. In the event the reserve has accumulated funding beyond the established level reasonably required to offset the risks above, excess funds will be designated for capital projects, budgeted for service enhancement, or returned to the General Fund available fund balance. (Adopted by the City Council on June 4, 2002, and modified on June 10, 2003)

Development Cost Center Contingency Reserve

The Development Cost Center maintains a contingency reserve for operations to help mitigate the effects of economic downturns and errors in financial forecasting. The contingency reserve is funded at a level at least equal to 8% of the annual operating expenditures for engineering, planning, and building and safety. All uses of the contingency reserve must be approved by the City Manager. Any such uses are to be repaid to the contingency reserve over a period of no more than three years. (Adopted by the City Council on June 10, 2014)

Development Cost Center Technology and System Improvement Reserve

The City Council may appropriate an annual contribution from the Development Cost Center to the Development Cost Center technology and system improvement reserve to provide a source of capital for the following:

- Ongoing hardware and software acquisition
- Technology investment
- System improvement

The technology and system improvement reserve was funded initially at a level of \$1 million. This level of reserve is maintained to the extent market conditions and revenues permit. The City Manager recommends annually an amount to be contributed to such a reserve. All uses of the reserve must be approved by the City Manager. (Adopted by the City Council on June 3, 1997)

Development Cost Center Unallocated Fund Balance

When annual fee revenues exceed expenditures and amounts needed to maintain the Development Cost Center reserves at planned levels, the Community Development Department will evaluate the development fee structure during the subsequent fiscal year. The evaluation will take into account equity to fee payers, changes in fee structures to encourage compliance with safety codes, economic forecasts for development and maintenance of responsive, and high-quality customer services. The purpose of this evaluation is to develop recommendations regarding possible reductions in fee levels that would be funded through use of the unallocated fund balance for the budget year that begins twelve months after the end of the fiscal year that results in an unallocated fund balance. (Adopted by the City Council on June 3, 1997)

Human Services Special Revenue Fund Contingency Reserve

City Council policy is to maintain a Human Services Special Revenue Fund Contingency Reserve to help mitigate the effects of economic downturns and natural disasters, and to maintain flexibility in staffing or program levels during times of temporary decreases in grant or contract funding. The contingency reserve will be funded at a level at least equal to 15% of the Human Services Special Revenue Fund annual operating expenditures and transfers out. All uses of the contingency reserve will be approved by the City Manager. Any such uses will be repaid to the reserve over a period of no more than three years. (Adopted by the City Council on June 12, 2012)

Integrated Waste Management Disposal Differential Reserve

The Integrated Waste Management Disposal Differential Reserve represents the difference between disposal fees collected through the solid waste rates and actual landfill disposal or material processing expenses. This balance occurs because of the difference between actual solid waste volumes and those used in the rate setting process, or changes in disposal regulatory fees or requirements that occur within the rate period. The use of the disposal differential reserve for specific rate years will be determined by the City Council with the setting of biennial solid waste collection rates. (Adopted by the City Council on July 11, 2006)

Integrated Waste Management Unallocated Fund Balance

The Integrated Waste Management unallocated fund balance will be maintained to fund unexpected costs associated with providing solid waste services that occur between rate setting periods, including post-disaster debris management costs. Unexpected costs associated with providing solid waste services can result from such causes as (including, but not limited to) changes in law, extraordinary circumstances (as defined in the various solid waste contracts), and implementation of new or expanded solid waste programs or environmental initiatives (e.g., the Sustainability Element of the General Plan). In the event of a natural disaster, this fund balance will provide a source of funds for disaster response and clean-up efforts with the objective of recycling, reusing, or otherwise diverting disaster debris from the landfill to the greatest extent possible. The unallocated fund balance will be maintained at a level between 8% and 15% of the annual revenue of the solid waste collection contract. This unallocated fund balance will serve as a mechanism for managing and stabilizing rates over time by eliminating the need to fund unexpected costs with immediate

solid waste rate changes. The fund balance will be evaluated with the setting of biennial solid waste collection rates during even years to determine whether adjustments in fee levels may be warranted. (Adopted by the City Council on July 11, 2006, and revised on June 8, 2010)

Integrated Waste Management Vehicle Replacement Reserve

City Council policy is to maintain an Integrated Waste Management Vehicle Replacement Reserve to replace equipment dedicated to solid waste activities performed by the City's maintenance division, consistent with the City's vehicle replacement schedule. A sufficient reserve balance will be maintained to provide for the acquisition of Integrated Waste Management vehicles according to the City's replacement schedule based on projected replacement costs. (Adopted by the City Council on June 8, 2010)

Urban Runoff Clean Water Program Contingency Reserve

City Council policy is to maintain a \$300,000 contingency reserve to respond to unfunded events such as changes in law, new initiatives, fluctuating program costs, and changing program requirements. The contingency fund balance will be evaluated on a biennial basis to determine if the level is appropriate. (Adopted by the City Council on June 1, 1999)

Urban Runoff Clean Water Program Unallocated Fund Balance

Unallocated Urban Runoff Clean Water Program funds will be used to support a multi-year focused watershed management program to enhance the Regional Water Quality Control Board's storm water quality standards. Program components may include erosion control, community education, and storm water management techniques to improve the quality of water through the watershed. The unallocated fund balance will be evaluated on a biennial basis as to the levels necessary to support project objectives. (Adopted by the City Council on June 1, 1999)

Recreation Cost Center Contingency Reserve

City Council policy is to maintain a Recreation Cost Center contingency reserve for operations to help mitigate the effects of economic downturns and natural disasters, to maintain full-time staffing levels during temporary loss of program facilities, and to deliver prepaid recreation services. The contingency reserve will be funded at a level at least equal to 15% of the Recreation Division's annual operating expenditures. All uses of the contingency reserve will be approved by the City Manager. Any such uses will be repaid to the contingency reserve over a period of no more than three years. (Adopted by the City Council on June 3, 1997 and revised on June 12, 2012)

Recreation Cost Center Operating Improvement Reserve

City Council may appropriate an annual contribution from the Recreation Cost Center to the Recreation Cost Center operating improvement reserve to provide a source of capital for the following:

- Ongoing hardware and software acquisition
- Capital and/or technology investment
- Process improvement and organizational retooling
- Entrepreneurial program opportunities that have the potential to generate revenues to cover expenditures within a three-year period.

The operating improvement reserve was funded initially at a level of \$1 million. This level of reserve is maintained to the extent market conditions and revenues permit. The City Manager will recommend annually an amount to be contributed to such a reserve. All uses of the reserve will be approved by the City Manager. (Adopted by the City Council on June 3, 1997)

Cost Center Spending Authorizations

Recreation Cost Center Spending Authorization

When revenue estimates for the Recreation Cost Center exceed the amount identified in the budget due to increases in recreation fee activity as verified by the Finance Director, the City Manager is authorized to increase appropriations for expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to City Council as part of the results of the annual financial audit. (Adopted by the City Council on June 3, 1997)

Development Cost Center Spending Authorization

When revenue estimates for the Development Cost Center exceed the amount identified in the budget due to increases in development and fee activity as verified by the Finance Director, the City Manager is authorized to increase appropriations for expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to City Council as part of the results of the annual financial audit. (Included in the annual resolution in prior years and adopted by the City Council on June 3, 1997)

Development Cost Recovery

The multiplier rate was established in the 1992/93 fiscal year to recover all department costs associated with an employee's direct chargeable hours on a project. The multiplier concept replaced the flat rate charging system that applied an average departmental charge for all employees. The two principal components of the multiplier rate are the direct chargeable hours and the departmental budget. Direct chargeable hours are specifically attributed to a particular project and exclude hours

that are not associated with a project. Chargeable hours are determined based on an estimated percentage of employee-dedicated hours to a chargeable area. The multiplier used to calculate billing rates for planning and engineering services provided by the Development Cost Center will increase from 2.7 to 3.25. It could be subsequently modified.

Debt Capacity, Issuance and Management

Short-Term Operating Debt

Current revenues will cover expenses associated with the day-to-day operations of the City. However, because the City receives the majority of its property tax revenues twice during the year, and sales tax revenues may fluctuate during the year, the City may experience temporary cash shortfalls. In order to finance these possible cash shortfalls, the City may incur short-term operating debt [typically, Tax and Revenue Anticipation Notes (TRANs)]. The amount of short-term operating debt will be based on cash flow projections for the fiscal year and will comply with applicable federal and State regulations. Operating revenues will be pledged to repay the debt, which will generally be repaid in one year or less. The costs of such borrowings will be minimized to the greatest extent possible. (Adopted by the City Council on February 26, 1996, and reaffirmed on July 7, 1998)

Interfund Loans

The City Council delegates authority to the City Manager to approve short-term loans of one year or less and long-term advances of five years or less between City funds under the following terms and conditions:

1. The City Manager is authorized to approve loans of one year or less and advances of five years or less between City funds; provided, that such loans and advances comply with the interfund borrowing policy and that the City Manager and Finance Director concur that such loans and advances are in the financial best interests of the City under then existing circumstances.
2. Each loan or advance approved by the City Manager will be documented in a writing signed by the City Manager and the Finance Director that states all of the following:
 - a. The purpose for which the loan or advance is being made.
 - b. The identification of both the lending and borrowing fund, or funds.
 - c. The dollar amount of the loan or advance.
 - d. The maturity date on which all principal together with all accrued and unpaid interest will be due and payable.
 - e. The scheduled dates and amounts of all principal and interest installment payments.
 - f. The applicable nominal interest rate or discount rate.

- g. The borrowing fund's right to make full prepayment at any time without penalty.
 - h. The source or sources from which the borrowing fund or funds is expected to repay the loan or advance.
3. All loans and advances will be repaid by the borrowing funds. Because each loan or advance is expected to be free from risk of default, the Finance Director will establish the nominal interest rate or discount rate to be applied to each transaction using then prevailing interest rates on indebtedness of a comparable term issued by the Treasury Department of the United States of America.
 4. No individual loan or advance approved by the City Manager will exceed the sum of forty million dollars (\$40,000,000), and the total of all loans and advances so approved and outstanding at any one time will not exceed the sum of one hundred million dollars (\$100,000,000).
 5. Although the loans and advances will be unsecured, an adequate source of repayment or refunding (including future external debt issuance) is to be identified. Under all circumstances, repayment of the loans will be subordinate to claims and encumbrances established by covenants related to any debt, regardless of issue date, issued into the external financial markets by the City of Fremont, the Fremont Public Financing Authority, or any of them (collectively, the City and/or its affiliated agencies).
 6. No loans or advances will be made from a City fund that is reasonably likely during the contemplated term of the loan or advance to need the same cash to pay for projects or activities for which the lending fund originally received the cash. No loan or advance will be made that will either violate any law, or cause the City and/or its affiliated agencies to breach any restrictive covenant, contractual provision, or grant term. Any loan of developer impact fees will be reported in accordance with California Government Code Section 66006(G).
 7. No loan or advance will be made involving any of the following: any funds holding State Gas Tax proceeds (including, without limitation, the Special Gas Tax Street Improvement Fund), any funds holding federal streets and highway monies, any funds holding revenues collected pursuant to voter-approved measures (including, without limitation, Proposition 1B funds and general obligation bond funds) or trust funds.

(Adopted by the City Council on June 9, 2009)

Long-Term Capital Debt

The long-term capital debt policy sets the parameters for issuing debt and provides guidance in the timing and structuring of long-term debt commitments. In addition to this policy, there is a separate policy for land-based financings (typically, Mello-Roos community facility districts and local improvement districts). The following provisions guide the City's consideration of issuing long-term debt:

1. The City uses debt financing only for one-time capital improvement projects and unusual equipment purchases, and only under the following circumstances:

- a. When the project is included in the City's five-year capital improvement program and is in conformance with the City's General Plan.
 - b. When the project is not included in the City's five-year capital improvement program, but it is an emerging critical need whose timing was not anticipated in the five-year capital improvement program, or it is a project mandated immediately by State or federal requirements.
 - c. When the project's useful life, or the projected service life of the equipment, will be equal to or exceed the term of the financing.
 - d. When there are designated revenues sufficient to service the debt, whether from project revenues, other specified and reserved resources, or infrastructure cost-sharing revenues.
 - e. Debt financing (other than tax and revenue anticipation notes) is not considered appropriate for any recurring purpose such as current operating and maintenance expenditures.
2. The project priority process used in developing the City's five-year capital improvement program, including criteria used in evaluating projects and project viability, is reviewed by the City Council as part of the biennial update of the five-year capital improvement program.
3. The following criteria are used to evaluate pay-as-you-go versus long-term debt financing in funding capital improvements:
 - a. Factors that favor pay-as-you-go:
 - i. Current revenues and adequate fund balances are available.
 - ii. Project phasing is feasible.
 - iii. Debt levels would adversely affect the City's credit rating.
 - iv. Market conditions are unstable or present difficulties in marketing.
 - b. Factors that favor long-term financing:
 - i. Revenues available for debt service are considered sufficient and reliable so that long-term financing can be marketed with an appropriate credit rating.
 - ii. The project for which financing is being considered is of the type that will allow the City to maintain an appropriate credit rating.
 - iii. Market conditions present favorable interest rates and demand for municipal financings.
 - iv. A project is mandated by State or federal requirements and current revenues and fund balances are insufficient to pay project costs.
 - v. A project is immediately required to meet or relieve capacity needs.
 - vi. The life of the project or asset financed is five years or longer.
4. The following are considered in evaluating appropriate debt levels:
 - a. General Fund-supported debt service will not exceed 7% of total General Fund budgeted expenditures and transfers out.

- b. The General Fund may be used to provide back-up liquidity to improve the viability of a self-supported debt issue (i.e., not land-based financings), but only if the General Fund is not exposed to significant risk of loss of assets or impairment of liquidity. This evaluation of risk will consider such things as the following:
 - i. Volatility and collectability of the revenue source identified for repayment of the debt.
 - ii. The likelihood the General Fund will be reimbursed within one year for any payments it might potentially need to make in its role as back-up guarantor. If the City Council determines the risk of loss of assets or impairment of liquidity to the General Fund to be relatively minimal, self-supported debt service for debt that relies on the General Fund as a back-up guarantor will not exceed 7% of General Fund budgeted expenditures and transfers out. This limitation is separate from and in addition to the debt limitation for General Fund-supported debt service described in Section 4.a., above.
- 5. The costs of developing and maintaining a land-based long-term debt policy will be borne by the development community, which uses this type of financing.
- 6. The City will follow all State and federal regulations and requirements regarding bond provisions, issuance, taxation, and disclosure.
- 7. The adoption of resolutions of intent will be considered whenever bond issuance is contemplated to increase the flexibility related to funding costs related to the project (e.g., project development costs, architectural costs, studies, etc.).
- 8. Costs incurred by the City, such as bond counsel and financial advisor fees, printing, underwriters' discount, and project design and construction costs, will be charged to the bond issue to the extent allowable by law.
- 9. The City will seek credit enhancements, such as letters of credit or insurance, when necessary for cost-effectiveness.
- 10. The City will monitor compliance with bond covenants and adhere to federal arbitrage and disclosure regulations. Any instances of non-compliance will be reported to the City Council.
- 11. The City will seek to maintain its current bond rating and will ordinarily not consider long-term debt that, through its issuance, would cause the City's bond rating to be lowered.
- 12. The City will maintain good communications with bond rating agencies about its financial condition and will follow a policy of full disclosure in every financial report and bond prospectus (Official Statement).
- 13. The City will generally conduct financings on a competitive basis; however, negotiated financings may be used where market volatility or the use of an unusual or complex financing or security structure is a concern with regard to marketability.
- 14. The City will select a financial advisor and/or investment banker and bond counsel on a competitive basis; these advisors will be retained for at least four years to provide continuity and allow them to develop an understanding of the City's needs. Other outside service providers

may be selected by developers or owners, subject to the City's approval. Trustees and/or paying agents will be selected by competitive bid.

15. Interfund borrowing will be considered to finance high priority needs on a case-by-case basis, but only when planned expenditures in the fund making the loan would not be affected. Interfund borrowing may be used when it would reduce costs of interest, debt issuance, and/or administration.
16. The term of the long-term debt instrument will not exceed the useful life of the asset or thirty years, whichever is less.
17. Bond proceeds will be invested in accordance with the provisions of the bond indenture. Funds set aside for debt service will only be used for that purpose.
18. In choosing the appropriate long-term debt instrument, cost, economic equity, political acceptability, and flexibility will be considered. Refunds will be considered to reduce interest costs or principal outstanding, or to eliminate restrictive debt covenants. Pooled financings with other government agencies will be considered, as appropriate.

Financing Instruments

There are many different types of long-term debt instruments available. Depending on the specific circumstances, the City will consider using the following types of financing instruments:

1. General Obligation Bonds - Bonds backed by the full faith and credit of the City. The taxing power may be an unlimited ad valorem tax, subject to State law, or a limited tax, usually on real estate and personal property. A special rate is incorporated in the property tax bill annually to pay for debt service. A two-thirds voter approval is required for authorization. Because it is secured by a tax levy, this structure has strong marketability and lower interest costs.
2. Revenue Bonds - Bonds are secured by revenues generated by the facility that is financed or by dedicated user fees. Voter approval may or may not be required. Planning is more complex because costs and revenues affect each other. Credit enhancement (e.g., insurance or letter of credit) may be needed because of the limited source of debt service payment.
3. Certificates of Participation - The City enters into a lease agreement with another party (a lessor, such as a joint powers authority) to lease an asset over a defined period of time at a prearranged annual payment. Voter approval is generally not required. Lease payments are made primarily from General Fund revenues. Current law requires the lessee to make lease payments only if the facility has beneficial use. The legislative body has to appropriate annual debt service payments. For the security of the bondholders, a reserve fund is normally established and held by a trustee until all bonds are paid. Interest during project construction must be capitalized. An "asset transfer" structure, whereby an existing facility is used as security to finance construction or acquisition of another project, may be used for flexibility.

4. **Assessment Bonds** - Bonds are issued to develop facilities and basic infrastructure for the benefit of properties within the assessment district. Assessments are levied on properties benefited by the project. Voter approval is not required. Instead, a majority vote of the property owners with a majority of assessments is needed to authorize the issue. The issuer's recourse for non-payment is foreclosure. This type of bond is normally not rated. The bonds may be issued under the provisions of the 1911, 1915 or Mello-Roos Bond Act, whichever is most appropriate.
5. **Master Lease Agreements** - The City enters into a lease agreement with a provider to lease equipment or facilities whose useful life is too short to finance with long-term debt. Various pieces and types of real and personal property from different vendors over a period of time can be acquired under one master lease agreement. Interest can be fixed or tied to an index. Financing costs are normally minimal, but the interest cost may be higher than with other instruments.
6. **Vendor-Financed Leases** - A vendor of equipment acts as the lessor and investor, and holds the lease for its full term or may assign the lease. The motivating factor to the vendor is usually to encourage future sales of its product.
7. **Marks-Roos Bonds** - Bonds are issued by a joint powers authority to buy other bond issues. By pooling bond issues, marketability can be improved and administration costs are reduced.
8. **Bond Anticipation Notes** - Notes are issued to provide temporary financing, to be repaid by long-term financing. The bridge financing has a maximum maturity of three years.

(Adopted by the City Council on May 7, 1996, revised and readopted by Council on July 8, 1998)

Glossary of Budget Terms

Adopted Budget

The adopted budget is the annual City operating budget approved by the City Council for the fiscal year.

Agency Fund

Agency funds are used to account for assets held by the City on behalf of others as their agent. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve the measurement of results of operations. Agency funds are not included in the annual operating budget, but are included in the comprehensive annual financial report.

Annual Operating Contingency

An account, appropriated in the adopted budget used at the discretion of the City Manager to fund emergency or extraordinary items.

Appropriation

An authorization by the City Council to make expenditures and to incur obligations for a specific purpose within a specific time frame.

Assessed Valuation

A dollar value placed on real estate or other property by Alameda County as a basis for levying property taxes.

Audit

Scrutiny of the City's accounts by an independent auditing firm to determine whether the City's financial statements are fairly presented in accordance with generally accepted accounting principles.

Balanced Budget

The budget for a fund is balanced when total budgeted resources, including revenues, transfers in from other funds, and unallocated fund balance from previous years, meet or exceed total budgeted use of resources, including expenditures and transfers out to other funds.

Base Budget

Under traditional budgeting, the base budget is that amount carried over from one year to the next. Each year, approved amounts may be added to or subtracted from the base budget.

Beginning Balance

Unencumbered resources available in a fund from the prior fiscal year after payment of prior fiscal year expenditures.

Bond

Capital raised by issuing a written promise to pay a specified sum of money, called the face value or principal amount, with interest at predetermined intervals.

Budget

A fiscal plan of financial operation listing an estimate of proposed expenditures and the proposed means of financing them. The budget must be approved by the City Council prior to the beginning of the fiscal year.

Budget Principles

Principles used by the City Council and staff to guide development of budgets. For the City of Fremont, these principles fall into three primary categories: General Fund Preservation, Reduce the Cost of Doing Business, and Revenue Generation.

California Public Employees' Retirement System (CalPERS)

The retirement system, administered by the State of California, to which all regular City employees belong.

Capital Asset/Capital Outlay

Land, infrastructure, and equipment used in operations that have initial useful lives greater than one year. The City has set the capitalization threshold for reporting infrastructure capital assets at \$25,000, and for all other capital assets at \$5,000. Expenditures made for capital assets are commonly referred to as "Capital Outlay," and are shown in either the CIP (see next page) or department budgets depending on whether the capital asset to be acquired is part of the City's long-term capital improvement program or needed for daily departmental operations.

Capital Budget

A plan of proposed capital outlays and the means of financing them for the current fiscal year period. For a five-year capital budget, the third through fifth year of the Capital Improvement Program is adopted-in-concept.

Capital Improvement Program (CIP)

The five-year financial plan for improving assets and integrating debt service and capital assets maintenance, adopted in a separate budget document and updated every two years.

Certificates of Participation (COPs)

A lending agreement secured by a lease on the acquired asset or other assets of the City.

Consumer Price Index (CPI)

An indicator of inflation, used in some salary-increase or other calculations.

Cost Center

Cost centers are funds established to account for the transactions and activities related to specific City services, and the fees are used for the benefit of the fee payers. The Development Cost Center, for example, is a fund that accounts for services related to planning, engineering, and inspection of public and private development construction projects.

Debt Service

Payment of the principal and interest on an obligation resulting from the issuance of bonds, notes, or certificates of participation (COPs).

Deficit

An excess of expenditures over revenues (resources).

Department

An organizational unit comprised of divisions or functions. It is the basic unit of service responsibility encompassing a broad mandate of related activities.

Encumbrances

A legal obligation to pay funds for expenditures yet to occur, such as when a purchase order has been issued but the related goods or services have not yet been received. Encumbrances cease to exist when the obligations are paid or terminated.

Expenditure

The actual spending of governmental funds.

Fiscal Year

A twelve-month period of time to which a budget applies. In Fremont, the fiscal year is July 1 through June 30.

Fund

An independent fiscal and accounting entity with a self-balancing set of accounts, used to record all financial transactions related to the specific purpose for which the fund was created.

Fund Balance

The difference between fund assets and fund liabilities.

Gann Limit

State of California legislation that limits a City's appropriations growth rate to changes in population and either the change in California per capita income or the change in the local assessment roll due to non-residential new construction.

General Fund

The primary fund of the City used to account for all revenues and expenditures of the City not legally restricted as to use. This fund is used to accumulate the cost of the City's general operations.

GASB

Governmental Accounting Standards Board. This is the organization that establishes generally accepted accounting principles (GAAP) for state and local governments.

General Obligation Bond

Bonds backed by the full faith and credit of the City, used for various purposes and repaid by the regular revenue raising powers (generally property taxes) of the City. General obligation bonds require a two-thirds vote of registered voters casting ballots.

Grant

A contribution or gift of cash or other assets from another governmental entity or foundation to be used or expended for a specific purpose, activity, or facility. An example is the Community Development Block Grant (CDBG) provided by the federal government.

Hotel/Motel Occupancy Tax

A tax imposed on travelers who stay in temporary lodging facilities within the City. Also referred to as a Transient Occupancy Tax.

Infrastructure

Facilities on which the continuance and growth of the community depend, such as roads, sidewalks, parks and public buildings.

Interfund Transfers

Moneys transferred from one fund to another, such as from a fund receiving revenue to the fund through which the resources are to be expended.

Internal Service Fund

An Internal Service Fund provides services to other City departments and bills the various other funds for services rendered, similar to a private business. These funds recover their costs through user charges. The Information Technology Services (ITS) and Risk Management funds account for the Information Technology services and Risk Management services provided to other City departments on a cost reimbursement basis. An Internal Service Fund is one type of proprietary fund.

Local Improvement District (LID) Bonds

Bonds paid for by special assessments on benefiting property owners for specific capital improvements, generally infrastructure.

Materials, Supplies and Services

Expenditures for items that are ordinarily consumed within a fiscal year.

Memoranda of Understanding (MOUs)

The documented agreements resulting from labor negotiations between the City of Fremont and its various bargaining units.

Multi-year Forecast

The Finance Department's five-year forecast of revenues and expenditures, which is updated three times a year.

Non-departmental

Appropriations of the General Fund not directly associated with a specific department. Expenditure items and certain types of anticipated general savings are included.

Object Code

A four-digit number describing a revenue or expenditure.

Objectives

The expected results or achievements of a budget activity.

Operating Budget

Annual appropriation of funds for ongoing program costs, including salaries and benefits, services and supplies. This is the primary means by which most of the financing, acquisition, spending and service delivery activities of the City are controlled. Reserves and contingencies are also components of Fremont's annual budget.

Operating Transfer

Amounts transferred between funds; not considered a revenue or expense. For example, legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended are shown as operating transfers.

Ordinance

A formal legislative enactment by the City Council. It has the full force and effect of law within the City boundaries.

Other Post-employment Benefits (OPEB)

Post-employment benefits are those benefits other than pension benefits, including post-employment healthcare (retiree medical) and other non-pension benefits.

Overhead

Charges to various funds to cover the cost of administrative services, rent, custodial services, etc.

Performance Measurement

A process for collecting and reporting information regarding performance. It can involve looking at processes/strategies in place, as well as whether outcomes are in line with the intent of the activity.

Performance Measures

Quantitative measures that provide information about products, services, and the processes that produce them. They are a tool to help understand, manage, and improve the services an organization provides.

Proposed Budget

The proposed budget is the budget that is sent to the City Council by the City Manager. The proposed budget, including changes made by the City Council during its review, is approved and then becomes the adopted budget.

Proprietary Funds

City of Fremont activities that operate in a manner similar to private enterprises. Revenues are derived from fees charged to users, and the programs are largely cost-covering. Also referred to as Enterprise Funds.

Resolution

A special order of the City Council, with a lower legal standing than an ordinance.

Revenues

Revenues include tax proceeds and compensation received for specific services to the public (external revenues), as well as revenues received from other funds (internal revenues).

Salaries and Benefits

A budget category that generally accounts for salaries of regular and temporary employees, overtime, and employee benefits, such as medical, dental, and retirement, with the exception of other post-employment benefits, such as retiree medical premium reimbursement.

Special Revenue Fund

This fund type is used to account for City revenues from sources that, by law or administrative action, are designated to finance particular functions or activities of government.

Transfers In and Transfers Out

Movement of revenue out of one fund and into another. The recipient fund uses the money to cover the cost of services provided (such as when the General Fund transfers money to the Recreation Cost Center) or to cover the cost of fee-funded activities provided for the benefit of the general public (such as when the General Fund transfers money to the Development Cost Center).

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Resolutions

RESOLUTION NO. 2014-29

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREMONT APPROVING AND ADOPTING A BUDGET FOR THE FISCAL YEAR JULY 1, 2014 THROUGH JUNE 30, 2015

WHEREAS, the City Manager has prepared a municipal budget for the fiscal year ending June 30, 2015, entitled "City of Fremont, Fiscal Year 2014/15 Proposed Operating Budget" ("Proposed Budget"), a copy of which is on file in the office of the City Clerk; and

WHEREAS, the City Council has examined the Proposed Budget, has conferred with the City Manager and appropriate staff in public sessions, and has deliberated and considered the Proposed Budget during public hearings.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF FREMONT HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The City Manager is hereby directed to prepare the final budget, in substantial conformance with the Proposed Budget, and as directed by the City Council, for the fiscal year July 1, 2014 through June 30, 2015. The final budget shall be the "City of Fremont, Fiscal Year 2014/15 Adopted Operating Budget." The final budget may be referred to as "the Budget," and a copy of the Budget shall be filed in the office of the City Clerk. The Budget is hereby adopted and approved.

SECTION 2. The City Manager is hereby authorized to implement the Budget as set forth in this resolution. The City Manager may delegate the authority to implement this resolution to the Finance Director, or other designated City employees.

SECTION 3. The City Manager is authorized to transfer appropriations as needed from savings available in any account in the Budget to any other accounts within the same fund to meet overall Budget requirements.

SECTION 4. The City Manager is authorized to transfer among various funds amounts designated as "Transfers" in the Budget in increments and at intervals determined by the City Manager.

SECTION 5. The City Manager is authorized to increase appropriations for fiscal year 2014/15 expenditures in an amount not to exceed the amount of funds encumbered, but not yet expended, from fiscal year 2013/14. The actual amount of the increased appropriations due to encumbrances will be reported to the City Council, as part of the fiscal year 2013/14 year-end financial report.

SECTION 6. When revenue estimates for the Development Services cost center exceed the amount identified in the Budget due to increases in development and fee activity as verified by the Finance Director, the City Manager is authorized to increase appropriations for fiscal year 2014/15 expenditures in an amount not to exceed the amount of increased revenue. Approval of increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to the City Council as part of the fiscal year 2014/15 year-end financial report. The

multiplier used to calculate billing rates for planning services and engineering services provided by the Development Services cost center will increase to 3.25.

SECTION 7. When revenue estimates for the Recreation cost center exceed the amount identified in the Budget due to increases in recreation fee activity as verified by the Finance Director, the City Manager is authorized to increase appropriations for fiscal year 2014/15 expenditures in an amount not to exceed the amount of increased revenue. Approval of increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to the City Council as part of the fiscal year 2014/15 year-end financial report.

SECTION 8. When revenue estimates exceed the amount identified in the Budget due to increases in grant revenues as verified by the Finance Director, the City Manager is authorized to increase appropriations for fiscal year 2014/15 expenditures in an amount not to exceed the amount of increased revenue. Approval of increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to the City Council as part of the fiscal year 2014/15 year-end financial report.

SECTION 9. When higher than anticipated revenue activity in the General Fund results in increased costs to directly support that activity (e.g., automated traffic enforcement), the City Manager is authorized to increase appropriations for fiscal year 2014/15 expenditures in an amount not to exceed the amount of increased revenue. Approval of increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to the City Council as part of the fiscal year 2014/15 year-end financial report.

SECTION 10. The City Manager is instructed to use restricted funding sources in accordance with the requirements of the funding sources prior to using funds with unrestricted resources in order to allow the City the greatest flexibility in meeting its financial obligations.

SECTION 11. The City Council adopted the Development Cost Center on June 3, 1997, as part of the adopted budget by Resolution No. 9156, setting the reserve as “at least equal to 15% of the annual operating expenditures for engineering, planning, and building and safety.” The Development Cost Center Contingency Reserve Policy is hereby replaced in its entirety and superseded by the revised Development Cost Center Contingency Reserve Policy, set forth as follows:

The City will maintain a Development Cost Center contingency reserve for operations to help mitigate the effects of economic downturns and variability in development activity. The contingency reserve will be funded at a level at least equal to 8% of the annual operating expenditures for engineering, planning, building and safety, and landscaping. All uses of the contingency reserve will be approved by the City Manager. Any such uses will be repaid to the contingency reserve over a period of no more than three years.

This Reserve Policy shall be effective and implemented in fiscal year 2014/15, concurrent with adoption of the Fiscal Year 2014/15 Proposed Operating Budget, and shall remain in effect until amended by action of the City Council.

SECTION 12. Each Councilmember is authorized \$7,500, and the Mayor is authorized \$12,500, for Council travel and expense reimbursement, to be utilized in accordance with the Council Travel Budget and Expense Reimbursement Policy.

SECTION 13. The City Manager is instructed to implement all policies contained in the "Policies" section of the Budget.

SECTION 14. Prior to the start of fiscal year 2014/15, the City Manager is instructed in fiscal year 2013/14 to transfer and appropriate \$1,000,000 from the General Fund to the Risk Management Internal Services Fund (609).

SECTION 15. This resolution shall take effect immediately upon its adoption.

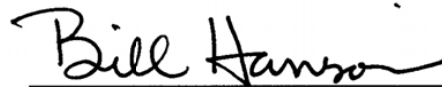
ADOPTED June 10, 2014, by the City Council of the City of Fremont, by the following vote:

AYES: Mayor Harrison; Vice Mayor Bacon; Councilmembers Natarajan and Salwan

NOES: None

ABSENT: Councilmember Chan

ABSTAIN: None



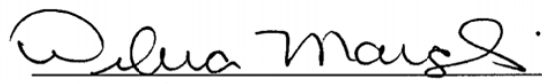
Mayor

ATTEST:



Assistant City Clerk

APPROVED AS TO FORM:



Assistant City Attorney

RESOLUTION NO. 2014-30

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREMONT
ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR
2014/15 FOR THE CITY OF FREMONT**

WHEREAS, Article XIII B of the California Constitution (enacted with the passage of Proposition 4 in 1979; with modifications under Proposition 111, passed by the voters of California in June 1990; and implemented by California Government Code Sections 7900, and following), specifies appropriations of governmental entities may increase by an amount not to exceed the change in population and the change in either the California per capita income or the change in non-residential assessed valuation due to new construction within the City; and

WHEREAS, documentation used in the determination of the fiscal year 2014/15 appropriations limit has been available to the public prior to City Council's determination in this matter, as required by Government Code Section 7910.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF FREMONT HEREBY RESOLVES AS FOLLOWS:

SECTION 1. Pursuant to the appropriations limit formula set forth by Government Code Sections 7900-7913, the City Council does hereby establish the appropriations limit for fiscal year 2014/15 for the City of Fremont as \$579,113,453, as documented in Exhibit A, attached hereto and incorporated herein by reference as though fully set forth.

SECTION 2. The City Council of the City of Fremont adopts as the adjustment factors for use in determining the fiscal year 2014/15 appropriations limit the following:

Population Factor: The percentage change in the City's population from January 1 of the preceding calendar year to January 1 of the current calendar year as provided in the State of California Department of Finance "Price and Population Information" publication, dated May 2014.

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Assessment Factor: The percentage change in assessment roll from the preceding year due to non-residential new construction for fiscal year 2014/15.


ADOPTED June 10, 2014, by the City Council of the City of Fremont, by the following vote:

AYES: Mayor Harrison; Vice Mayor Bacon; Councilmembers Natarajan and Salwan

NOES: None

ABSENT: Councilmember Chan

ABSTAIN: None



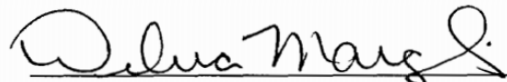
Mayor

ATTEST:



Assistant City Clerk

APPROVED AS TO FORM:



Assistant City Attorney

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